



## Aditya Birla Capital Limited - Dividend Distribution Policy

### 1. Introduction

- 1.1 As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company has decided to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy for the Company at its meeting held on 8<sup>th</sup> May, 2018.
- 1.2 The objective of this policy is to provide the dividend distribution framework to the stakeholders of the Company. The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

### 2. Target Dividend Payout

- 2.1 Dividend will be declared out of the current year's Profit after Tax of the Company on a Standalone basis.
- 2.2 Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.
- 2.3 'Other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains/losses, will not be considered for the purpose of declaration of dividend.
- 2.4 Dividend payout is an important decision as it determines the amount of profits to be distributed amongst the shareholders and to be ploughed back into the businesses for future growth. It is therefore necessary to have an optimal dividend payout policy that achieves sustainable growth in the Company and therefore enhances long-term shareholder' value.
- 2.5 Considering the inherent nature of the market and business environment, and various subsidiaries of the Company being at different stages of growth and requirement of capital, while it is difficult to pre-determine the dividend payout as a percentage of earnings, the Company will, subject to applicable laws and relevant rules and regulations in this regard, endeavour to pay dividend to shareholders in the most efficient way and gradually increase it without compromising growth of the Company.





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### **3. Factors to be considered for Dividend Payout**

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividends:

- Stability of earnings
- Cash flow from operations
- Future organic and inorganic growth plans and reinvestment opportunities (including investment requirements for the Company in its subsidiaries and associate companies)
- Dividend policy followed by the investee companies, as a substantial portion of the Company's income is earned by way of dividends from its subsidiaries
- Industry outlook and stage of business cycle for underlying businesses
- Leverage profile
- Compliance with covenants contained in any agreement entered into by the Company with its lenders
- Funding and liquidity considerations
- Overall economic environment, changes in government policies, industry rulings & regulatory provisions
- Absorbing unfavourable market condition, meeting unforeseen contingent liabilities and other circumstances
- Cost of external financing
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

### **4. 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.

### **5. General**

5.1 Retained earnings will be used for the Company's growth plans, expected capital adequacy/liquidity requirements, debt repayments and other contingencies.

5.2 If the Board decides to deviate from this policy, the rationale for the same will be suitably disclosed.

Aditya Birla Capital Ltd.  
(Formerly known as Aditya Birla Financial Services Ltd.)  
One Indiabulls Centre, Tower 1, 18th Floor, Jupiter Mill Compound,  
841, Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013  
+91 22 4356 7000 | (F) +91 22 4356 7111  
abc.secretarial@adityabirlacapital.com | www.adityabirlacapital.com





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## **6. Review**

This policy would be subject to revision / amendment on a periodic basis, as may be necessary.

## **7. Disclosure**

This policy (as amended from time to time) will be available on the Company's website ([www.adityabirlacapital.com](http://www.adityabirlacapital.com)) and in the Company's Annual Report.



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### **Registered Office:**

Indian Rayon Compound, Veraval - 362 266. Gujarat.

+91 28762 45711