

## **DIVIDEND DISTRIBUTION POLICY**

### **1. Preamble**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) require the top 500 listed companies, based on market capitalization as on March 31 of every financial year, to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Board of Directors (“**Board**”) of Bajaj Electricals Limited (“**Company**”) has adopted this Dividend Distribution Policy (“**Policy**”) to comply with the Listing Regulations.

The Company currently has only one class of shares, i.e. equity, for which this Policy is applicable. The Policy is subject to review if and when the Company issues different classes of shares.

### **2. Dividend distribution philosophy**

The Company is deeply committed to driving superior value creation for all its stakeholders’. The Company’s focus will continue to be on the sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### **3. Dividend**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount of the paid-up shares they hold. Dividend includes Interim Dividend.

### **4. Circumstances under which shareholders can expect Dividend**

The Board will assess the Company’s financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this Policy) and declare Dividend in any financial year.

The Dividend for any financial year shall normally be paid out of the Company's profits for that year which will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013 ("**Act**"). If the circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Listing Regulations, as may be applicable.

## **5. Interim and Final Dividend**

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, shall be intimated to the stock exchanges and post board meeting, the outcome of the meeting shall also be provided to the stock exchanges, as required under the Listing Regulations.

## **6. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:**

- Distributable surplus available with the Company;
- Company's liquidity position and future cash flow needs;
- Track record of dividend distribution of the Company;
- Dividend payout ratios of the comparable companies;
- Prevailing taxation policy or any amendments expected thereof, with respect to dividend distribution;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Cost and availability of alternative sources of financing;
- Stipulations / covenants of loan agreements;
- Macroeconomic and business conditions in general; and
- Any other relevant factors that the Board may deem fit to consider before recommending / declaring Dividend.

## **7. Utilisation of retained earnings**

Subject to the applicable provisions, the retained earnings of the Company shall be applied for :

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.;
- Buyback of shares subject to applicable limits;
- Payment of dividend in future years;
- Issue of Bonus Shares; and
- Any other permissible purpose

## **8. Modification of the Policy**

The Board is authorised to change/amend this Policy from time to time at its sole discretion, as it may deem fit, and/or in pursuance of any amendments made in the Act, the Listing Regulations, etc.

## **9. Disclaimer**

This document neither solicits investment in the Company's securities nor gives any assurance of guaranteed returns (in any form) for investments in the Company's equity shares.

**Mumbai, March 29, 2017**

**Shekhar Bajaj  
Chairman & Managing Director**