



DIVIDEND DISTRIBUTION POLICY

PURPOSE:

In compliance with the provisions of the Companies Act, 2013 and rules made thereunder (the "Act") and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company.

The Board of Directors (the "Board") will consider the Policy while recommending dividend on behalf of BlueStone Jewellery and Lifestyle Limited ("the Company").

CONCEPT OF DIVIDEND:

Dividend is the share of the profit that a company decides to distribute among its shareholders. The Company strongly believes that dividend pay-out is vital for its shareholders. However, before the pay-out is recommended, it is crucial for the board to consider all the factors, which would be in the best interest of the shareholders.

TYPES OF DIVIDEND:

The Act deals with two types of dividend - Interim and Final.

Interim dividend is the dividend declared by the board between two annual general meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

Final dividend is recommended for the financial year at the time of approval of the annual financial statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the annual general meeting of the Company.

DECLARATION OF DIVIDEND:

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- a) out of the profits of the [company](#) for that year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of the Act, or;



- b) out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed; or
- c) Out of a) and b) both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

FACTORS GOVERNING DECLARATION OF DIVIDEND:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The circumstances for dividend pay-out decision depends on various external and internal factors.

External Factors:

- *Economic Scenario* - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.
- *Competitive / Market Scenario* - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- *Regulatory restrictions / Obligations* - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.
 - Statutory obligations under the Companies Act, 2013 to transfer a certain portion of profits to any specific reserves may impact the decision with regard to dividend declaration.
 - Dividend distribution tax or any tax deduction at source as required by tax regulations in India, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.
- *Agreements with lenders* - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time and as the case may be.
- *Other factors* - Other factors beyond control of the management of the Company like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

Internal Factors:

- Profitability;
- Availability and liquidity of funds;
- Capital expenditure needed for the existing businesses.
- Mergers and acquisitions;
- Expansion / modernization of the business;



- Additional investments in subsidiaries of the Company;
- Cost of raising funds from alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities
- Any other factor as deemed appropriate by the Board.

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, while determining the dividend to be declared or recommended, shall take into consideration the advice of the management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy. The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND:

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

- Profits earned during the financial year;
- Retained Earnings ;
- Earnings outlook for next three to five years;
- Expected future capital / liquidity requirements ;
- Any other relevant factors and material events.
- 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
- 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
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.

UTILISATION OF RETAINED EARNINGS:

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- Issue of fully paid-up bonus shares;
- Declaration of dividend - Interim or Final;
- Augmenting internal resources;
- Funding for capital expenditure / expansion plans / acquisition;



- Repayment of debt;
- Any other permitted use as may be decided by the Board.

PARAMETERS FOR 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.

DISCLOSURE:

This dividend distribution policy shall be disclosed in the Annual Report of the Company and on the Company's website <https://www.bluestone.com/investor-relations.html#governance>.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

REVIEW / AMENDMENT:

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.