EROS INTERNATIONAL MEDIA LIMITED

Policy Name	Dividend Distribution Policy
Policy Approval Date	10th February, 2017
Policy Effective Date	10th February, 2017
Date of Board meeting for review of the Policy	8th February, 2018
Date of Effective of Revised/Reviewed Policy	9st March, 2018
Policy Owner	Designation: Group Chief Financial Officer (India) Name: Mr. Farokh P. Gandhi

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1. Preamble

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to the shareholders.

The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

The philosophy of the Company is to maximize the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

2. Policy Objectives

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed thereunder, as may be in force for the time being ("Companies Act"). The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

3. Applicability of Regulations

Sr. No.	Regulations	Section/Clause
1	SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2016	Regulation 43A
2	Companies Act 2013	Section 123

4. **Definitions**

4.1 "**Act**" means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

4.2 **Board of Directors**" or "**Board**", in relation to a Company, means the collective body of the directors of the company and as amended from time to time.

4.3 "**Company**" means Eros International Media Limited.

4.4 **"Policy**" means Policy on Dividend Distribution

4.5 **"Dividend"** shall be as defined under section 2(35) of the Companies Act, 2013 and the Rules made there under.

5. **Process for approval of Payment of Dividend**

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company.

The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

6. **Financial parameters to be considered declaring Dividend**

The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014 and any amendments thereto.

The dividend shall be declared in accordance with the provisions of the Act, -

i) Current financial year's profit:
   a) after providing for depreciation in accordance with law;
   b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

ii) The profits for any previous financial year(s):
   a) after providing for depreciation in accordance with law;
   b) remaining undistributed; or

iii) out of i) & ii) both.

Interim dividend when approved shall be paid during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is declared; or out of any other funds as may be permitted by law.

In case of inadequacy or absence of profit in any financial year, the Company may propose to declare Dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves subject to the compliance of Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014 and any amendments thereto.

7. Internal and External Factors to be considered while considering payment of dividend

The Board of Directors will endeavor to take a decision with an objective to enhance shareholder's wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of Company depends upon certain external and internal factors-

Internal Factors:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends
- Profits earned during the year;
- Brand/ Business Acquisitions;
- Additional investments in subsidiaries/associates of the Company;
- Fresh investments into external businesses;
- Any other factor as deemed fit by the Board.

External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;

- Dividend pay-out ratios of companies in the same industry.

8. **Circumstances under which Dividend Payout may or may not be expected**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The Company may declare a dividend for any financial year whenever there is net profit after tax for the year after taking into account the adjustments for previous years, write back of expenses, providing for depreciation etc.

The shareholders of the Company may not expect Dividend under the following circumstances, subject to the discretion of the board:

- Whenever it undertakes or proposes to undertake a expansion project requiring higher allocation of capital;
- Higher working capital requirements adversely impacting free cash flow;
- To infuse funds in the growth of the company
- Whenever it undertakes any acquisitions or joint ventures requiring allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

The Board shall consider the above factors, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

9. **Utilization of the 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 various factors, as may be considered by the Board from time to time.

10. **Parameters that shall be adopted with regards to various classes of shares**

The company has only one class of shares i.e equity shares.

11. **Review of Policy**

This Policy shall be reviewed by the Board as and when required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.