

Tribhovandas Bhimji Zaveri Limited

Dividend Distribution Policy

1. INTRODUCTION

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 came into force vide Notification dated 5th May, 2021 bearing No. SBEI/LAD-NRO/GN/2021-22, vide these Regulations, has amended Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, which requires top one thousand (1,000) {earlier five hundred (500)} listed entities (based on market capitalization calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports {which was earlier in the Annual Reports and on their website}.

Tribhovandas Bhimji Zaveri Limited (“the Company”) being one of the One thousand (1,000) companies as on 31st March, 2021, the Board of Directors in compliance with amended Regulation 43A of the Listing Regulations, has approved and adopted this Dividend Distribution Policy which shall be effective with effect from 5th May, 2021 (from the date of Notification), being the effective date of the Policy.

2. PURPOSE

This Policy reflects the intent of the Company to reward to its shareholders by sharing the portion of its distributable profit after retaining sufficient fund for the future growth and maintaining the financial soundness of the Company. The purpose of this Policy is also to lay down criteria to be considered by the Board of Directors of the Company (“the Board”) in taking decision for recommending dividend to its shareholders for any Financial Year.

3. OBJECTIVES AND SCOPE

This Policy lays down the broad framework which will act as a guiding principle for the purpose of declaring or recommending Dividend during or for any financial year, by the Company.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring Dividend and the circumstances under which shareholders of the Company may or may not expect Dividend and how the retained earnings shall be utilized etc.

The Policy, however, is not an alternative to the decision-making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to those numerated in this Policy.

4. APPLICABILITY

This Policy shall apply to the Dividend on the Equity Shares of the Company. Presently, the Company has only one class of Equity Shares.

This Policy shall not apply to determination and declaration of Dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue of such preference shares, approved by the shareholders.

5. DEFINITIONS

“Board of Director” or **“Board”** shall mean the Board of Directors of the Company, as constituted from time to time.

“Company” shall have the same meaning as defined under Section 2(20) of the Companies Act, 2013 and any amendment thereto.

“Dividend” includes any interim dividend.

“Profit” shall mean profit after tax and deferred tax.

“Financial Year” shall have the same meaning defined under Section 2(41) of the Companies Act, 2013 and any amendment thereto.

“Policy” means this Dividend Distribution Policy.

“Companies Act” or **“Act”** shall mean the Companies Act, 2013 and Rules framed thereunder, including any amendments, modifications, clarifications or re-enactment thereof, for the time being in force.

“Regulations” shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, including any amendments, modifications, clarifications, or re-enactment thereof, for the time being in force.

6. DECLARATION OF DIVIDEND

6.1 Subject to the provisions of the Act, Dividend may be declared and paid out of:

- (a) Profits of the Company for the financial year for which the Dividend is to be paid after setting off carried over losses of the previous financial year and depreciation not provided in the previous financial year(s);
- (b) Undistributed profits of the previous financial years remaining undistributed after providing for depreciation in accordance with the Act and/or Regulations;
or
- (c) Out of (a) and (b) both.

6.2 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.

7. PARAMETERS FOR DECLARATION OF DIVIDEND

7.1 The Board of Directors may consider the following financial parameters, internal and external factors while recommending or declaration of the Dividend:

A. Financial Parameters / Internal Factors

- Profits earned during the Financial Year and the retained profits of the previous years in accordance with the provision of Section 123 and other applicable provisions of the Companies Act, 2013 read with Rules framed thereunder;
- Operating cash flow of the Company and debt equity ratio;
- Retained earnings;
- Reserve and Surplus;
- Earnings Per Share (EPS);
- Gross Dividend payout ratios;
- Financial Ratios;

- Business expansion and growth;
- Funds required to finance capital expenditure;
- Projection with regard to performance of the Company;
- Company's liquidity position and future cash flow need;
- Stipulation / covenants in loan Agreements;
- Dividend payout history;
- Such other factors as the Board may deem fit from time to time.

B. External Factors

- Economic environment;
- Capital markets;
- Global conditions;
- Industry outlook and growth rate;
- Economic and regulatory framework;
- Governmental policies.

7.2 While recommending or declaring Dividend, the Board will consider adequacy of profit calculated in accordance with the applicable provisions of the Act and Indian Accounting Standards. The Board of Directors may, in exceptional circumstances, consider utilising retained earnings for declaration of Dividend subject to the provisions of the Act and/or Regulations.

8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

Dividend payout is a crucial decision as it determines the share of profit to be distributed amongst the shareholders and share of profit to be retained in the 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 shareholders of the Company may not normally expect Dividend in the following circumstances, subject to discretion of Board of Directors:

- In case the Company has incurred losses or inadequacy of profit;
- It would in the interest of the Company to re-invest / plough back the profits of the Company for major expansion / diversification requiring major funding;

- Any other unforeseen event which would restrict ability to recommend Dividend.

9. UTILISATION OF RETAINED EARNINGS

The Board of Directors 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 utilisation of the retained earnings of the Company shall be based on the following:

- Market expansion plan by opening of new stores
- Product expansion plan
- Replacement of capital assets
- Diversification of business
- Long term strategic plans
- Dividend payment
- Such other criteria as the Board may deem fit from time to time
- Such purpose as may be permitted under the Act and/or Regulations

10. PROCEDURE

10.1 Pursuant to the provisions of the Act, the Regulations and the Policy, the Board of Directors may declare one or more interim dividends during the year, which will be confirmed by the shareholders at the ensuing Annual General Meeting of the Company and the final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

10.2 The Members, whose name appears in the Register of Member as on Record Date / Book Closure, as may be decided by the Board of Directors, shall be entitled for Dividend.

10.3 The Dividend shall be paid to the Members within the limit prescribed under the Act and/or Regulations.

10.4 The Company shall ensure compliance of provisions of the Act and/or Regulations and this Policy in relation to Dividend declared by the Company.

11. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of Equity Shares with equal voting rights, all the members of the Company are entitled to receive the same amount of Dividend

per share. The Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

12. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

13. REVIEW AND AMENDMENTS

- 13.1 This Policy will be reviewed by the Board of Directors of the Company as they deem necessary.
- 13.2 The Board of Directors on its own can amend this Policy, as and when deem fit.
- 13.3 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.