

## DIVIDEND DISTRIBUTION POLICY

1. Background.....	1
2. Objectives.....	1
3. Definitions.....	1
4. Category of Dividends .....	2
5. Circumstances under which Shareholders may or may not expect Dividend.....	2
6. Parameters to be considered before recommending/ declaring Dividend.....	3
7. Utilization of retained earnings .....	4
8. Parameters that shall be adopted with regard to various classes of shares.....	4
9. Conflict in Policy .....	4
10. Amendment.....	4
11. Version History.....	5

### 1.BACKGROUND

In terms of the provisions of Section 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and in accordance with the provisions of the Companies Act, 2013 (“**Act**”) including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force, the Board of Directors of TBO Tek Limited (“**Company**”) has formulated the Dividend Distribution Policy (“**Policy**”) to maintain uniform approach towards dividend pay-out plans of the Company.

### 2. OBJECTIVES

The objective of this Policy is to establish the parameters (including internal and external factors) to be considered by the board of directors (“**Board**”) of the Company before declaring or recommending Dividend. Through this Policy, the Company will endeavor to maintain fairness, consistency and sustainability while distributing profits to the shareholders of the Company.

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

### 3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and rules made thereunder, as amended from time to time.

“**Applicable Laws**” shall mean the Act, the SEBI Listing Regulations, as amended from time to time, together with the circulars issued thereunder and such other laws and statutes which deal with the distribution of Dividend.

“**Board**” shall mean the board of directors of the Company.

“**Dividend**” shall mean and include interim dividend and final dividend.

“**Policy**” shall mean this Dividend Distribution Policy formulated by the Company, as amended from time to time.

“**SEBI Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

***Note:** Words and expressions used and not defined in this Policy but defined in the Act or Applicable Laws shall have the same meaning assigned to them in those Act/Applicable Laws.*

#### **4. CATEGORY OF DIVIDENDS**

The Act provides for two forms of Dividend - Final and Interim. The Board shall have the power to recommend a final dividend to the shareholders for their approval in the general meeting of the Company. It shall also have the absolute power to declare interim dividends during the financial year, as and when they consider it fit.

- (a) **Final Dividend:** The final dividend is paid once in the financial year, after the annual accounts have been prepared. The Board has the power to recommend the payment of final dividend to the shareholders in a general meeting. The declaration of final dividend shall be included as the ordinary business items that are required to be transacted at the Annual General Meeting.
- (b) **Interim Dividend:** This form of dividend can be declared by the Board one or more times in a financial year as may be deemed fit, but in each case only during the period from closure of financial year till holding of annual general meeting. The Board would declare an interim dividend, as and when considered appropriate, in line with this Policy.

#### **5. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The decision regarding Dividend payout is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business. The shareholders of the Company may expect a Dividend only if the Company is making adequate profits after complying with all the statutory requirements under the Applicable Laws.

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

- (a) in case of inadequacy of profits or when the Company has incurred losses;
- (b) when the Company undertakes or proposes to undertake a significant expansion project, any acquisition or joint arrangement requiring higher allocation of capital;
- (c) in case of significantly higher working capital requirement affecting free cash flow;

- (d) when the Company proposes to utilize surplus cash for buy-back of securities or setting off of previous year losses or losses of its subsidiary/ies;
- (e) in case it is prohibited to recommend/ declare Dividend by any regulatory body; and
- (f) any other reason which the Board may deem fit.

The Board 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. This Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant. Given the uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.

If the Board proposes to declare Dividends, on the basis of parameters in addition to the parameters mentioned in the Policy or proposes to change the parameters, or proposes to amend the Policy, it shall disclose such changes along with the rationale in its annual report and on its website.

#### **6. PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING/ DECLARING DIVIDEND**

The Board shall consider the following financial / internal parameters while declaring or recommending Dividend to shareholders:

- (a) Profits earned and available for distribution during the financial year;
- (b) Accumulated reserves including retained earnings;
- (c) Earnings outlook for next 3 (Three) to 5 (Five) years;
- (d) Expected future capital/ expenditure requirements of the Company;
- (e) Organic growth plans/ expansions;
- (f) Long term investment proposal, capital restructuring, debt reduction etc;
- (g) Cost of raising funds from alternate sources;
- (h) Crystallization of contingent liabilities of the Company;
- (i) Net profit earned during the financial year as per the consolidated financial statements;
- (j) Cash flows;
- (k) Current and projected cash balance;
- (l) Debt repayment schedules, if any;
- (m) Impact of Dividend payout on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect viz. interest coverage, debt service coverage ratio (DSCR), EBITDA and net debt;
- (n) Fund requirement for contingencies and unforeseen events with financial implications;
- (o) Past Dividend trend including Interim Dividend paid, if any; and
- (p) Any other relevant factors and material events.

The Board shall consider the following external parameters while declaring or recommending Dividends to shareholders:

- (a) Significant changes in macro-economic environment materially affecting the business in which the Company is engaged in the geographies in which the Company operates;
- (b) Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged;
- (c) Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged; and
- (d) Other factors like statutory and contractual restrictions.

#### **7. UTILIZATION OF RETAINED EARNINGS**

Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and its shareholders, as the Board may determine from time to time. These may include investments for future growth and expansion plans, generating higher returns for the shareholders or for any other specific purpose. In the absence of any viable growth opportunity (organic/ inorganic), the Company shall utilize retained earnings for reducing its debt obligations. In the absence of the opportunity to utilize retained earnings in any of the above options, as an exception, the Board may opt to distribute a larger portion of profits to the shareholders as Dividend.

#### **8. 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 Laws and will be determined if and when the Company decides to issue other classes of shares.

#### **9. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in Applicable Laws and/or any other laws, the latter shall prevail.

#### **10. AMENDMENT**

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/ modification in the Applicable Laws and/or any other laws notified in this regard shall automatically apply to this Policy and the Company Secretary & Compliance Officer and the Chief Financial Officer are severally authorized to give effect to such amendment/ modification in this Policy.

## 11. VERSION HISTORY

Version	Effective Date	Author	Approver / Reviewer
1.0	November 24, 2021	Neera Chandak - Company Secretary & Compliance Officer	Board of Directors at its meeting held on November 24, 2021
2.0	November 12, 2024	Neera Chandak - Company Secretary & Compliance Officer	Board of Directors at its meeting held on November 12, 2024