

**JAY BHARAT MARUTI LIMITED**  
**("the Company")**

**DIVIDEND DISTRIBUTION POLICY**

## **DIVIDEND DISTRIBUTION POLICY**

### **1. PREAMBLE**

Securities and Exchange Board of India (“SEBI”) vide its Press Release 15/2021 dated 25.03.2021 makes it mandatory for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“the Listing Regulations”], as amended from time to time.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on 29.01.2021, has approved and adopted the Dividend Distribution Policy of the Company [“the Policy”].

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2021-22 and onwards.

### **2. OBJECTIVE**

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. 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 declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending/declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

### **3. DEFINITIONS**

- a. “Act” means the Companies Act, 2013 and Rules made thereunder [including any amendments or re-enactments thereof].
- b. “Applicable laws” shall mean to include Companies Act, 2013 and Rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. “Board” or “Board of Directors” shall mean Board of Directors of the Company, as constituted from time to time.
- d. “Company” shall mean Jay Bharat Maruti Limited.
- e. “Dividend” includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. “Financial year” shall mean the period starting from 1st day of April and ending on the 31st day of March every year.

- g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.
- h. Capital to Risk Assets Ratio (Capital Adequacy Ratio) shall mean the Percentage of Capital Funds to Risk Weighted Assets/Exposures of the Company.

#### **4. TYPES OF DIVIDEND**

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

##### **a) Interim Dividend**

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.

##### **b) Final Dividend**

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.

#### **5. DECLARATION OF DIVIDEND**

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

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

#### **6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT 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 the business.

The circumstances under which the shareholders may expect dividend would depend upon certain factors mentioned in Clause 7 below.

## **7. FINANCIAL PARAMETERS**

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend. To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macro-economic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the below mentioned factors, the Board shall endeavor to maintain a dividend pay-out.

## **8. FACTORS GOVERNING DECLARATION OF DIVIDEND**

In addition to financial parameters, the circumstances for dividend pay-out decision depends on various external and internal factors which shall considered By Board including:

### **Internal Factors:**

- i. Profitable growth of the Company and specifically, profit earned during the financial year as compared with;
  - Previous years; and
  - Internal budgets,
- ii. Cash flow position and availability and liquidity of Funds;
- iii. Capital to Risk Assets Ratio (Capital Adequacy Ratio),
- iv. Accumulated reserves;
- v. Likelihood of crystallization of contingent liabilities, if any
- vi. Creation of contingency fund
- vii. Mergers and Acquisitions;
- viii. Capital expenditure requirement
- ix. Expansion / Modernization of the business;
- x. Additional investments in subsidiaries/associates of the Company;
- xi. Cost of raising funds from alternate sources;
- xii. Cost of servicing outstanding debts;
- xiii. Any other factor as deemed appropriate by the Board.

### **External Factors:**

- i. Global conditions
- ii. Business cycles;
- iii. Economic Environment
- iv. Cost of external financing
- v. Applicable taxes including tax on dividend
- vi. Industry outlook for the future years
- vii. Inflation rate, and
- viii. Changes in the Government policies, industry specific rulings and regulatory provisions.

## **9. MANNER OF UTILISATION OF RETAINED EARNINGS**

Subject to the provisions of the Act and other applicable laws, retained earnings maybe utilized in any of the following ways:-

- i. Capitalization of shares;
- ii. Declaration of dividend - Interim or Final;
- iii. Augmenting internal resources;
- iv. Funding for Capex/expansion plans/acquisition;
- v. Repayment of debt;
- vi. General corporate purposes, including contingencies;
- vii. Any other permitted use

## **10. GENERAL**

Due regard shall be given to the restrictions/ covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

## **11. PARAMETERS FOR VARIOUS CLASSES OF SHARES**

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

## **12. DISCLOSURE**

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website

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 Company's website.

## **13. REVIEW / AMENDMENT**

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/Acts/Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s), etc. issued under any Applicable laws/Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.