

THE BOMBAY BURMAH TRADING CORPORATION, LIMITED.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015.

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1. Background:

- a) This Policy is made pursuant to the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') under which the Corporation is required to formulate and adopt Dividend Distribution Policy. The Corporation is also required to disclose the same in the Annual Reports and on its website.
- b) Dividend is the share of profits of a company which is paid by the company to its shareholders.

The process of declaration of dividend and, in certain circumstances, quantum of dividend is regulated by the Companies Act, 2013 (hereinafter referred to as the 'Act'). Provisions of Income Tax Act, 1961 are also relevant. There may also be certain contractual constraints.

As per the Act, 'interim' dividend can be declared by the Board of Directors. Whereas, 'final' dividend is recommended by the Board of Directors and declared by shareholders at their Annual General Meeting.

- c) 'Declaration of dividend' is one of the key financial decisions of every Company, forming part of the overall strategy for efficient allocation of capital as well as increasing shareholder's wealth.
- d) This Policy sets out the general parameters to be adopted by the Corporation for declaration of dividend, for guidance purposes.

2. Objective of Dividend Distribution Policy:

The Corporation proposes to adopt a Dividend Distribution Policy that balances the dual objectives:

- i. Appropriate reward to shareholders through dividends and
- ii. Ploughing back earnings to support sustained growth.

3. Parameters of Dividend Distribution Policy:

The Dividend Distribution Policy ("the Policy") shall include the following parameters:

- a) the circumstances under which the shareholders may or may not expect dividend;

- b) the financial parameters that will be considered while declaring dividend including profitability, cash flow, future business plan, capital expenditure, etc;
- c) internal and external factors that will be considered for declaration of dividend;
- d) policy as to how the retained earnings will be utilized; and
- e) parameters that will be adopted with regards to various classes of shares.

If the Corporation proposes to declare dividend on the basis of parameters other than those mentioned in the Policy or proposes to change its Dividend Distribution Policy then the Corporation would be required to disclose the same along with its rationale in its Annual Report and on its website.

4. Provisions of the Companies Act, 2013 regarding distribution of dividend:

The Corporation has to comply with the provisions of the Companies Act, 2013 before declaring any dividend. Dividend shall normally be paid out of current year's profits. However, in the absence of, or inadequate, profits in any financial year, the Corporation may declare dividend out of balance in surplus in the Profit & Loss account.

Further, in the event of absence of, or inadequate, profits, the Corporation can also declare dividend out of reserves after complying with the provisions of the Companies (Declaration and Payment of Dividend) Rules, 2014.

5. Factors affecting the Corporation's approach to dividend pay-out:

Dividend is declared after considering the impact of following factors which include:

- Capital expenditure and future plans;
- Stakeholder's expectations;
- Business environment;
- Change in Government Policies and general macro-economic conditions,
- Changes in various legal and regulatory frameworks
- Health of overall Industry
- Amount of profits retained for meeting the business requirements of the Company
- Debt servicing requirements of the Corporation.
- Past dividend trends;
- Dividend pay-out of companies in comparable businesses;
- Investment opportunity.

6. Utilisation of Retained earnings:

The Corporation firmly believes that consistent growth will maximise shareholders value. Thus, the Corporation will endeavour to utilize retained earnings for its business expansion, growth opportunities, acquisitions, investments etc. in the best interest of the Corporation and its stakeholders.

Circumstances under which shareholders may or may not expect dividend:

The Corporation can declare dividend after complying with all the applicable laws. However, the Board of Directors may decide not to recommend any dividend in case they are of the opinion that there are unfavourable internal / external conditions or the Corporation has better opportunity in reinvesting the funds.

7. Parameters with regards to various classes of shares:

Currently, since the Corporation has only one class of equity shareholders, the dividend declared will be equally distributed among all the shareholders based on the shareholding on the record date.

9. Review of the Policy:

This policy will be reviewed by the Board of Directors of the Corporation as and when it deems necessary.

10. Amendment of the Policy:

In case of any conflict between this Policy and the statutory law / regulations, the latter shall prevail.

Further, this Policy can be modified / amended by the persons authorised by the Board in this regard. Subsequently, the modified policy should be placed before the Board for its ratification.

11. Adoption of the Policy by the Board of Directors:

This Policy has been adopted by the Board of Directors of the Corporation at its meeting held on 30th March, 2017 and will be applicable for the dividend declared, if any, for the financial year 2016-17 and thereafter.
