

DIVIDEND DISTRIBUTION POLICY OF TGV SRAAC LIMITED

1. PREAMBLE

TGV SRAAC Limited market capitalization rank (966) that is below 1000 on BSE for the first time i.e., on 31.03.2023. Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (the "**Regulations**") mandated top One thousand listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be placed on the website of the Company and weblink shall be provided in their Annual Reports .

M/s. TGV SRAAC Limited being one of the top 1000 listed Companies on BSE as per the market capitalization as on 31.03.2023 (ranked 966), frames this policy to comply with SEBI (LODR) Regulations, 2015.

The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company. In other wards declaration of dividend depends on availability of current profits, retained earnings and reserves subject to the liquidity constraints/availability which depend on future growth plans for stabilization.

2. OBJECTIVE

The objective of this policy is to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will have to consider this policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would strive to maintain a consistent approach to dividend pay-out plans. For this optimum balance between dividend payment and stable growth has to be maintained for consistency.

The Board of Directors (the "**Board**") of M/s. TGV SRAAC Limited (the "**Company**") at its meeting held on 29.05.2023 has adopted this Dividend Distribution Policy (the "**Policy**"), pursuant to the terms of Regulation 43A of the SEBI (LODR) Regulations, 2015 read with SEBI (LODR) (Second Amendment), 2016. The policy shall become effective from the date of its approval by the Board i.e., 29.05.2023.



3. DEFINITIONS

- **"Board"** shall mean Board of Directors of the Company;
- **"Companies Act"** shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended;
- **"Dividend"** includes any interim dividend;• **"Listed Entity / Company"** shall mean M/s. TGV SRACA Limited;
- **"Policy"** means Dividend Distribution Policy;
- **"Stock Exchange"** shall mean a recognized Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

4. POLICY

A. POINTS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

INTERNAL FACTORS

- Operating cash flow of the Company
- Profit earned during the year
- Profit available for distribution
- Working capital requirements
- Capital expenditure requirements
- Business expansion and growth
- Up gradation of technology and physical infrastructure
- Cash flow required to meet contingencies
- Resources required to fund acquisitions and new business
- Cost of Borrowings
- Need for conservation of cash due to economic downturn
- Track record of dividends distributed by the company
- Government Policies
- Any other relevant factors that the Board may deem fit to consider before declaring dividend.



EXTERNAL FACTORS

- Economic environment
- Capital market scenario
- Global conditions

- Statutory provisions and guidelines
- Dividend payout ratio of Companies in the same industry.

B. SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND UNDER SPECIFIED CIRCUMSTANCES EXPLAINED AS UNDER

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

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Significant cash flow Requirements towards higher working capital requirements
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

C. THE RETAINED EARNING AND ITS USAGE

The Company may declare dividend out of profits of the Company for the year or out of the profits for any previous years or out of the free reserves available for distribution of dividend, after having due regard to the parameters laid down in this policy.

D. DIVIDEND RATE / VALUE OF DIVIDEND:

The Company always strive to deliver sustainable value to all its stakeholders, which has been evident from the consistent dividend track record of the Company. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business



factors and other significant parameters specified in this policy. The dividend will be declared on per share basis only.

E. PROCEDURE FOR DIVIDEND PAYOUT In case of final dividend :

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

F. PARAMETERS TO BE ADOPTED 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. 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 regulations and will be determined, if and when the Company decides to issue any other classes of shares.



5. THE 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 approved by the shareholders;
- Distribution of dividend in kind, for instance- by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of Buyback of Securities.

6. WHEN POLICY CONFLICT WITH STATUTE :

In the event of any conflict between this Policy and the existing statutory regulations, the statutory regulations shall prevail.

7. REVIEW AND DISCLOSURE OF POLICY :

The Board may review the Dividend Distribution Policy of the company periodically. The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the website of the Company i.e. www.tgvgroup.com

8. POLICY REVIEW AND AMENDMENTS :

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.

Board approval	Date
Initial	29.05.2023

First time Company market capitalization rank is below 1000 is on 31.03.2023 i.e., 966.

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For TGV SRAAC LIMITED



V. RADHAKRISHNA MURTHY
C.G.M. And Company Secretary