

## **TVS SUPPLY CHAIN SOLUTIONS LIMITED**

### **DIVIDEND DISTRIBUTION POLICY**

The Dividend Distribution Policy ("Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by TVS Supply Solutions Limited (the "Company").

The Company is a growing business where the primary usage of funds would be towards expansion of business through organic and inorganic means. This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the Shareholders as dividend after retaining sufficient funds for the Company's growth, meeting long-term objectives and other corporate purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of Dividend to its Shareholders and applies to both interim and final Dividend declared or recommended by the Board of Directors of the Company in compliance with Section 123 of the Companies Act 2013 read with the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

#### **Definitions**

- "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- "Board of Directors" or "Board" means the Board of Directors of TVS Supply Chain Solutions Limited.
- "Chairman" shall mean the Chairman of the Board of Directors of the Company.
- "Company" means TVS Supply Chain Solutions Limited.
- "Compliance Officer" shall mean the Company Secretary of the Company.
- "Dividend" shall mean Dividend as defined under Companies Act, 2013 or SEBI Regulations.
- "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, clarifications, circulars or re-enactment thereof for the time being in force.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Regulations or any other applicable law or regulation.

Dividend will be declared on per share basis on the Equity Shares of the Company. The Company currently has no other class of shares. Dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividend will generally be recommended by the Board annually, after the announcement of the full year results and before the Annual General Meeting (AGM) of the Shareholders, as may be permitted by the Companies Act, 2013 ("Act")

Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. The Board will seek to balance members' need for a reasonable and predictable return on their investment with the Company's funding requirement for long term sustainable growth.

The Internal and external factors that shall be considered for declaration of dividend shall include the following:

**Internal Factors:**

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a. Previous years and
  - b. Internal budgets,
- ii. Cash flow position of the Company,
- iii. Accumulated reserves,
- iv. Earnings stability,
- v. Future cash requirements for organic growth/expansion, for inorganic growth, additional investments in subsidiaries / JVs
- vi. Major acquisitions of contracts,
- vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- viii. Deployment of funds in short term marketable investments,
- ix. Long term investments,
- x. Capital expenditure(s), and,
- xi. Any other factor deemed relevant by the Board.

**External Factors:**

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

Apart from the above, the Board may also consider past dividend history and shareholders' expectations while determining the rate of dividend.

**The retained earnings of the Company shall be utilized in any way including the following:**

- i. Growth – both organic & inorganic: new customer segments, markets and service verticals
- ii. Investment in assets required for business such as physical assets, technology, tech infrastructure
- iii. Declaration of dividend,
- iv. Buy back of shares,
- v. General corporate purposes, including contingencies,
- vi. Any other permitted usage as per the Act.

#### **Circumstances under which a Dividend may not be paid out**

The Board may consider not declaring dividend and has the power to recommend a different dividend payout for a given financial year. Some conceivable circumstances under which shareholders may or may not expect a dividend are: adverse market conditions and business uncertainty, inadequacies of profit earned during the financial year, inadequacy of cash balance, large forthcoming capital requirements which are best to be funded through internal accruals, changing Govt. regulations etc. In such event, the Board will provide rationale in the Annual Report. The Board may also declare special/interim dividend(s) on occasions of significance, as may be permitted by the Act.

#### **Disclosures**

The Policy will be displayed on website of the Company and same will also be published in Annual Report of the Company.

#### **Review**

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to the shareholders in a timely manner.

#### **Amendment**

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.