

# FORBES & COMPANY LIMITED

## DIVIDEND DISTRIBUTION POLICY

### 1. Background, Scope and Applicability

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 500 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy (“Policy”) in the annual report and on the corporate website. The entities other than top 500 listed companies may adopt and disclose their dividend distribution policies on voluntary basis.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

### 2. Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

### 3. Circumstances under which shareholders can expect Dividend

The Board shall before declaring any dividend assess the Company’s financial performance, long term strategy, present and future organic and inorganic growth plans and other relevant factors (as mentioned elsewhere in this policy) and ensure that sufficient funds are retained for growth of the Company.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

### 4. Parameters for declaration of Dividend

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

#### Financial Parameters / Internal Factors :

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- (a) Net operating profit after tax;
- (b) Distributable surplus available as per the Act and Regulations;
- (c) Working capital requirements;

- (d) Capital expenditure requirements;
- (e) Resources required to fund acquisitions and / or new businesses;
- (f) Cash flow required to meet contingencies;
- (g) Outstanding borrowings;
- (h) Additional investment in subsidiaries and associates of the company;
- (i) Stipulations/ Covenants of loan agreements; and
- (j) Past Dividend Trends.

**External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- (a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- (b) Global conditions; and
- (c) Dividend pay-out ratios of companies in the same industry.

**5. Utilization of Retained Earning**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

**6. Manner of Dividend Payout**

**Interim dividend:** Interim dividend, if any, shall be declared by the Board.. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend. 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.

**Final dividend:** 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. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company. 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.

## **7. Disclosures**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.forbes.co.in](http://www.forbes.co.in). The Company shall also make appropriate disclosures as required under the SEBI Regulations.

## **8. General**

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

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.

## **9. Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.