

BENGAL & ASSAM COMPANY LIMITED

DIVIDEND DISTRIBUTION POLICY

1 PREAMBLE

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 in the Annual Report and on the Corporate Website.

Accordingly, the Board of Directors has approved the Dividend Distribution Policy of the Company at its Meeting held on 11th August, 2020.

2 OBJECTIVE

The objective of this Policy is to provide a broad Dividend Distribution Framework to all the Stakeholders of the Company.

The Board shall refer to the guidelines laid out in this Dividend Distribution Policy while announcing any Dividend in a Financial Year keeping in mind the provisions of the Companies Act 2013 & Rules made therein, Reserve Bank of India (RBI) Guidelines applicable to Non-Banking Finance Companies/Core-Investment Companies and other applicable legal procedures.

The Company currently has the following Class of Shares viz:

- (i) Equity Shares; and
- (ii) Cumulative Redeemable Preference Shares (‘CRPS’).

Since the Company has issued CRPS, the preference shareholders shall have a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and holders of CRPS shall be paid fixed dividend on a cumulative basis.

3 FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND ON EQUITY

While recommending Dividend, the Board shall take into account various Internal & External factors which shall inter-alia include:-

- (1) Profitability of the Company during the relevant year.
- (2) Past Dividend trends.
- (3) Adjusted Net Worth of the Company as per RBI guidelines.
- (4) Leverage profile.
- (5) Future Capital Expenditure programmes including organic and inorganic growth opportunities.
- (6) Company’s Liquidity Position and Cash flow position.
- (7) Economic conditions and regulatory environment.
- (8) Any other relevant factors that the Board may deem fit to consider.

4 UTILISATION OF RETAINED EARNINGS

Since the Company is a Core Investment Company – Non Deposit Taking-Systemically Important (CIC-ND-SI) registered with the Reserve Bank of India (RBI), the retained earnings will be used *inter alia* for the Company's investments into securities of its Group Companies, for debt repayments, working capital requirements, and for other needs of the Company.

5 DECLARATION OF DIVIDEND

The Board may declare/recommend Interim / Final Dividend out of the profits of the Company for that year arrived at in conformity with the Companies Act or out of its Retained Earnings ('Accumulated Profits') for the benefit of the shareholders of the Company.

The Board shall endeavour to achieve a Dividend Pay-out Ratio in the range of 10%-40% (including dividend distribution tax, if any) of Distributable Profits for the year on Standalone Financials under normal circumstances. However, the Board shall continue to have the discretion to recommend a lower Dividend or no Dividend in case the business requirement so warrants.

6 REPORTING SYSTEM

A Report containing details of Dividend i.e., Accounting period, Net-profit, Rate and Amount of Dividend, Dividend pay-out ratio, in the prescribed format of RBI is required to be furnished within a fortnight of declaration of Dividend to the Department of Supervision of the RBI under whose jurisdiction the Company is situated.

7 REVIEW & MODIFICATION OF DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is subject to Review & Revision on periodical basis, as may be considered necessary by the Board. In case, the Board proposes to declare Dividend based on the basis of parameters other than those mentioned in the Dividend Distribution Policy, it shall disclose such changes alongwith the rationale therefor.

8 DISCLOSURE

This Policy (as amended from time to time) will be available on the Company's website and a web link thereto shall be provided in the Annual Report.

9 DISCLAIMER

This document neither solicits investments in the Company's securities, nor it is an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.
