



CIN: L15420PN1933PLC133303

DIVIDEND DISTRIBUTION POLICY

**(Pursuant to Regulation 43A of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

PREAMBLE

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), the Company is required to formulate a dividend distribution policy which shall be disclosed in its Annual Report and on its website.

OBJECTIVE OF THE POLICY

Tilaknagar Industries Ltd. (“**the Company**”) has always strived to enhance value for its stakeholders. In line with the same, the Board of Directors of the Company (“**the Board**”) has formulated this Dividend Distribution Policy (“**Policy**”) to balance the objectives of appropriately rewarding the shareholders through dividend and to support the future growth of the Company.

The Dividend philosophy of the Company is enshrined in the principle that along with maintaining a reasonably conservative policy in respect of liquidity and leverage, ‘surplus’ cash in the Company shall be returned to its shareholders when it is concluded by the Board that:

- The Company does not/ would not have avenues to generate significantly higher returns on such ‘surplus’ than what a common shareholder can generate himself; or
- By returning such ‘surplus’, the Company would be able to improve its return on equity, while simultaneously maintaining prudent & reasonably conservative leverage in every respect viz. interest coverage, DSCR (Debt Service Coverage Ratio) Net Debt: EBITDA and Net debt : Equity etc.

This Policy intends to:

- A.** Lay down the circumstances under which the shareholders of the Company may or may not expect dividend;
- B.** Specify the financial parameters that shall be considered while declaring or recommending the dividend;
- C.** Specify the internal and external factors that shall be considered while declaring or recommending the dividend;
- D.** Provide for the manner of utilization of retained earnings; and
- E.** Specify the parameters that shall be adopted with regards to various classes of shares.

A. THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

Dividend shall be paid either as interim during the year which shall be approved by the Board or as final after the end of the financial year which shall be subject to approval by shareholders of the Company.

The Board may not declare or recommend dividend for a particular period under the following circumstances:

- i. The Company has incurred losses;
- ii. The Company has inadequate profits;
- iii. The Company has inadequate cash flow;
- iv. The Board is of the view that it would be prudent to conserve capital for future growth or other exigencies; or
- v. Any other circumstances which the Board may deem fit.

B. FINANCIAL PARAMETERS THAT MAY BE CONSIDERED WHILE DECLARING OR RECOMMENDING THE DIVIDEND

The Board may consider the following while declaring or recommending dividend:

- i. Profits earned during the financial year;
- ii. Debt Equity Ratio;
- iii. Cash flow position of the Company;
- iv. Accumulated reserves;
- v. Earnings per share;
- vi. Dividend Payout Ratio;
- vii. Applicable taxes including tax on dividend, if any;
- viii. Earnings outlook;
- ix. Current and future leverage;
- x. Future cash requirements for expansion;
- xi. Capital expenditure and working capital requirement;
- xii. Brand Acquisitions; and
- xiii. Any other factor which the Board considers necessary and prudent.

C. INTERNAL AND EXTERNAL FACTORS THAT MAY BE CONSIDERED WHILE DECLARING OR RECOMMENDING THE DIVIDEND

The Board may consider the following while declaring or recommending dividend:

Internal Factors:

- i. Past dividend history;
- ii. Past performance of the Company;
- iii. Shareholders' expectations while determining the rate of dividend;
- iv. Recommendation of the management; and

- v. Such other factors as may be deemed relevant by the Board from time to time.

External Factors:

- i. Business cycles;
- ii. Macroeconomic environment;
- iii. Industry outlook for the future years;
- iv. Current regulatory framework in force during the relevant period;
- v. Dividend payout ratio of peer companies; and
- vi. Changes in the Government policies.

D. MANNER OF UTILIZATION OF RETAINED EARNINGS

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilize the retained earnings for the following purposes:

- i) making investments for future growth;
- ii) expansion plans;
- iii) generating higher returns for the shareholders;
- iv) Correcting the capital structure; and/or
- v) for any other specific purpose, as approved by the Board.

E. PARAMETERS THAT SHALL BE ADOPTED WITH REGARDS TO VARIOUS CLASSES OF SHARES

Presently, the issued and paid-up share capital of the Company comprises of Equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

GENERAL

The Board may review and make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit by the Board.

In the event of any conflict between this Policy and the Listing Regulations or other applicable statutory or regulatory provisions for the time being in force, the latter shall prevail.

[This Policy is lastly amended and approved at the Board Meeting held on November 12, 2021]