



TALBROS AUTOMOTIVE COMPONENTS LIMITED

DIVIDEND DISTRIBUTION POLICY

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DIVIDEND DISTRIBUTION POLICY OF TALBROS AUTOMOTIVE COMPONENTS LIMITED

1. OBJECTIVE OF THE POLICY

The objective of the Dividend Distribution Policy ("the Policy") of the Company is to bring objectivity and stability while recommending/declaring Interim Dividend/Final Dividend/Special Dividend to Shareholders, subject to the applicable laws and conditions and maximization of long term capital appreciation for all stakeholders of the Company.

The policy will guide the Company to strike the right balance between the quantum of dividend to be paid and amount of profits to be retained in the business for various purposes and to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws and conditions.

2. COMPANY'S PHILOSOPHY

The Company believes in the philosophy of maximization of shareholders' wealth from long term perspective. Thus, the Company would first utilize its profits for its business requirements, capital expenditure for expansion and/or diversification, earmarking cash for potential growth opportunities and thereafter distributing the profits in the form of dividend to the shareholders.

3. REGULATORY FRAMEWORK

The Company while declaring and payment of Dividend shall adhere to all applicable provisions of Companies Act, 2013 and Rules made there under as amended from time to time and to the extent applicable and other applicable Acts, Rules, Regulations or Guidelines.

The Policy set out herein relates to Equity Shares of the Company.

4. DEFINITIONS

- i.** "Act" means Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- ii.** "Applicable Laws" shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other Act, Rules or Regulations which provides for the distribution of Dividend.
- iii.** "Dividend" shall mean Dividend as defined under Companies Act, 2013 and shall include Interim dividend in terms of Section 2(35) of the Companies Act, 2013 as amended from time to time.

- iv. **“Free Reserves”** shall mean such reserves which, as per the latest audited Balance Sheet of a Company, are available for distribution as dividend.

However the following shall not be treated as free reserves:

- a. any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
- b. any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves;

- v. **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereto.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

5. Process for Declaration of Dividend

a. Final Dividend:

- i. The Audit Committee shall consider the Dividend proposed by Management in the first instance. Thereafter, the Board of Directors may recommend/propose Final Dividend payable to shareholders in its meeting in line with this Policy and on considering various other parameters.
- ii. The Final 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.

b. Interim Dividend:

- i. Board may declare Interim Dividend, duly recommended by the Audit Committee in line with this Policy and on considering various other parameters one or more times in a financial year.
- ii. Interim Dividend approved by the Board of Directors will be confirmed by the shareholders at the Annual General Meeting of the Company.

c. **Source of Dividend:**

Dividend shall be declared or paid by the Company for any financial year:

- i. Out of Standalone profits for that year arrived at after providing depreciation in accordance with provisions sub section 2 of Section 123 or
- ii. Out of Standalone accumulated profits of the Company for any previous financial year or years arrived at after providing depreciation and remaining undistributed or
- iii. Out of both above.

6. Parameters for declaration of Dividend

The Board will consider following financial parameters and internal & external factors while declaration of dividend:

- i. The Company's financial position and financial requirement including working capital, capital expenditure, debt repayment etc.
- ii. Expansion, modernization, diversification or acquisition plans.
- iii. Distributable surplus available as per the Companies Act, 2013 and regulations made thereunder.
- iv. Profitability of the Company during the relevant year on standalone basis.
- v. Past Dividend trends.
- vi. General economic and business conditions.
- vii. Any other factors and conditions which the Board of Directors may consider before declaring dividend.

7. Circumstances under which Shareholders may or may not expect Dividend

The Dividend for any financial year shall normally be paid out of the Company's Standalone profits for that year. Some conceivable circumstances under which shareholders may expect a lower dividend / may not expect dividend include adverse market conditions, forthcoming Capex requirements, insufficient profits, debt retirement etc. and other reasons or factors that merit conservation of capital.

Further, in exceptional circumstances, such as upon extraordinary profits from sale of investments etc., the Board of Directors may additionally declare special dividend as a one-off payment to the Shareholders in special / extraordinary circumstances.

8. Unit of Dividend Declaration

The dividend shall be declared on per share basis only.

9. Mode of Payment

The Company shall use any of the electronic modes of payment approved by the Reserve bank of India for the payment of dividend.

Also, where Bank account details of shareholder(s) are not available, 'payable-at-par' warrants will be issued.

10. Review / Amendment of the Policy

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.