

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

Dividend distribution policy

CONTENTS

1 Objective.....	2
2 Philosophy.....	2
3 Regulatory Framework.....	2
4 Definitions.....	2
5 Parameters for declaration of Dividend.....	3
6 Procedure.....	5
7. Disclosure.....	5
8 General.....	5

Version: 01

Version approved by: The Board of Directors of Tega Industries Limited

Version approved on: 3rd August 2021

Effective Date: 3rd August 2021

Last Modified on: 3rd August 2021

Effective date of Modification: 3rd August 2021

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

1. Objective

The objective of this Dividend Distribution Policy ("Policy") is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

2. Philosophy

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide its notification May 5, 2021, which requires top thousand (1000) listed companies (based on market capitalization of every financial year) to formulate and disclose a Dividend Distribution Policy, which will be disclosed in their annual report and on their website.

4. Definitions

4.1. Unless repugnant to the context:

4.1.3 "Act" shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

4.1.3 "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.

4.1.4 "Company or Tega " shall mean Tega Industries Limited

4.1.5 "Chairman" shall mean the Chairman of the Board of Directors of the Company.

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

4.1.6 **"Compliance Officer"** shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.1.7 **"Board"** or **"Board of Directors"** shall mean Board of Directors of the Company.

4.1.8 **"Dividend"** shall mean Dividend as defined under Companies Act, 2013.

4.1.9 **"MD & CEO"** shall mean Managing Director and Chief Executive Officer of the Company.

4.1.10 **"Policy or this Policy"** shall mean the Tega Industries Limited Dividend Distribution Policy.

4.1.11 **"SEBI Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

4.1.12 **"Subsidiary"** shall mean Subsidiary of the Company as defined under the Companies Act, 2013.

4.2. Interpretation

4.2.1 In this Policy, unless the contrary intention appears:

- 4.2.1.1 the clause headings are for ease of reference only and shall not be relevant to interpretation;
- 4.2.1.2 a reference to a clause number includes a reference to its sub-clauses;
- 4.2.1.3 words in singular number include the plural and vice versa;
- 4.2.1.4 Words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

5. CATEGORY OF DIVIDENDS

The Act provides for two forms of Dividend - Final & Interim. The Board shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

- Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of the Company has the power to recommend the payment of final dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- Interim Dividend

This form of dividend can be declared by the Board one or more times in a financial year as may be deemed fit by it. The Board of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy. Normally, the Board could consider

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

6. Parameters for declaration of Dividend

5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

5.1.1 Financial Parameters / Internal Factors :

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

- 5.1.1.1 Standalone net operating profit after tax;
- 5.1.1.2 Working capital requirements;
- 5.1.1.3 Capital expenditure requirements;
- 5.1.1.4 Resources required to fund acquisitions and / or new businesses
- 5.1.1.5 Cash flow required to meet contingencies;
- Outstanding borrowings;
- 5.1.1.6 Accumulated Reserves including Retained Earnings

- 5.1.1.7 Earnings outlook for next three to five years

- 5.1.1.8 Long term investment proposed, capital restructuring, debt reduction

- 5.1.1.9 Cost of raising funds from alternate sources

- 5.1.1.10 Crystallization of contingent liabilities of the Company

- 5.1.1.11 Any other relevant factors and material events

- 5.1.1.12 Past Dividend Trends

5.1.2 External Factors:

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

- 5.1.2.1 Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- 5.1.2.2 Dividend pay-out ratios of companies in the same industry.
- 5.1.2.3 Significant changes in macro-economic environment materially affecting the business in which the Company is engaged in the geographies in which the Company operates.

5.2 Circumstances under which the shareholders may or may not expect Dividend:

The decision regarding dividend payout is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

5.2.1 The shareholders of the Company may not expect Dividend under the following circumstances:

- 5.2.1.1 Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- 5.2.1.2 Significantly higher working capital requirements adversely impacting free cash flow;
- 5.2.1.3 Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- 5.2.1.4 Whenever it proposes to utilise surplus cash for buy-back of securities; or
- 5.2.1.5 In the event of inadequacy of profits or whenever the Company has incurred losses.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy, if any.

5.3 Utilization of retained earnings:

5.3.1 The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5.4 Parameters adopted with regard to various classes of shares:

- 5.4.1 Presently, the Authorised Share Capital of the Company is divided into equity share of Re. 10 each and Preference shares of Rs. 10 each. At present, the issued and paid-up share capital of the Company comprises equity shares and preference shares.
- 5.4.2 The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.
- 5.4.3 The Company targets to pay dividend up to 50% of the annual Profits after Tax (PAT) of the Company, subject to consideration of the parameters stated in this Policy and in compliance with applicable Laws & Regulations.

TEGA INDUSTRIES LIMITED DIVIDEND DISTRIBUTION POLICY

5.4.4 As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6 Procedure

6.1 The Chief Financial Officer in consultation with the MD & CEO of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.

6.2 The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

6.3 Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the forthcoming Annual General Meeting of the Company in any particular year.

6.4 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

7 Disclosure:

7.1 The Company shall make appropriate disclosures as required under the SEBI Regulations.

8 General

8.1 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.

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

8.3 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.
