

DIVIDEND DISTRIBUTION POLICY OF M/S TVS SRICHAKRA LIMITED

(With effect from 14th December, 2016)

The Board of Directors (the "Board") of TVS Srichakra Limited (the "Company") has adopted the Dividend Distribution Policy (the "Policy") of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") in its meeting held on 14th December, 2016.

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 14th December, 2016.

OBJECTIVE:

The objective of this 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.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon:

A. GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be subject to the considerations provided in the Policy. The Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

B. CONSIDERATIONS FOR DECLARATION OF DIVIDEND:

The Board of Directors of the Company shall consider the following factors while taking decision for Dividend Payout during any particular year:

Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

Financial Parameters / Internal Factors:

- a) Net operating profit after tax for the current year
- b) Working Capital requirements;
- c) Capital expenditure requirements
- d) Resources required to fund acquisitions and / or new businesses

- e) Operating Cash flows required to meet contingencies and Unforeseen Events
- f) Operating cash flows and treasury position keeping in view the total debt to equity ratio.
- g) Past Dividend Trends

External Factors:

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

Prudential requirements

The Company shall analyse the prospective projects and strategic decisions in order to decide- -

- a) to build a healthy reserve of retained earnings;
- b) to augment long term strength;
- c) to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and
- d) the needs for capital conservation and appreciation.

Proposals for major capital expenditures etc.

In addition to plough back of earnings on account of depreciation, the Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals.

C. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors provided above before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, mainly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

D. MANNER OF DIVIDEND PAYOUT

The discussion below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of final dividends

- a) 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.
- b) The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.

- c) The payment of dividends shall be made within the statutory period prescribed from time to time, from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

In case of interim dividend

- a) Interim dividend, if any, shall be declared by the Board.
- b) Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- c) The payment of dividends shall be made within the statutory period prescribed from time to time, from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
- d) In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

E. UTILIZATION OF THE 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
- Product expansion plan
- Increase in production capacity
- Modernization plan
- Diversification of business
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria as the Board may deem fit from time to time.

F. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of equity shares with equal voting rights and all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

G. GENERAL:

- a) 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.
- b) 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.