

## **DIVIDEND DISTRIBUTION POLICY**

### **INTRODUCTION:**

The Securities Exchange Board of India (“SEBI”) vide its Notification dated May 05, 2021 has amended the Listing Regulations (the “Regulations”) by inserting Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), which requires top one thousand listed companies (based on market capitalization of every financial year) to formulate and disclose a Dividend Distribution Policy.

Tips Industries Limited (“the Company”) being one of the top one thousand listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors (the “Board”) of the Company has adopted the Policy of the Company as required in terms of Regulation 43A of the Listing Regulations.

### **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.

### **DEFINITIONS:**

- (a) “Act” shall mean the Companies Act, 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.
- (b) “Board of Directors” or “Board” means the Board of Directors of Tips Industries Limited.
- (c) “Company” means Tips Industries Limited.
- (d) “SEBI LODR Regulations, 2015” means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.
- (e) “Policy” means Dividend Distribution Policy of the Company.
- (f) “Dividend” shall mean Dividend as defined under Companies Act, 2013.

### **PARAMETERS FOR DIVIDEND PAYOUT:**

The Board of Directors of the Company would consider various parameters as mentioned below before declaring or recommending dividend to shareholders:

#### **Financial parameters / internal factors:**

- (a) Current financial year’s profits and retained earnings;

- (b) Working capital requirements;
- (c) Capital expenditure requirements;
- (d) Resources required to fund acquisitions and / or new businesses
- (e) Cash flow required to meet contingencies;
- (f) Outstanding borrowings;
- (g) Past Dividend Trends
- (h) Liquidity and return ratios

**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.
- (c) Macro Economic Environment
- (d) Market Conditions
- (e) Issuance of Bonus Shares
- (f) Shareholders Expectation

**CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:**

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well unless the Company is restrained to declare dividend due to insufficient profits or due to any of the internal or external factors listed above.

Further, though the Company endeavours to declare the dividend to the shareholders, the management may propose lower dividend or may propose not to recommend dividend after analysis of various financial parameters, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilize surplus profit for buy-back of existing share capital.

**UTILIZATION OF RETAINED EARNINGS:**

Retained earnings may be utilized by the Company for any of the following:

- (a) Business expansion and upgradation – Expansion and modernization of production facilities, product development, market expansion, business promotion and related activities.
- (b) Payment of Dividend, Buy back of shares etc.
- (c) Investments and new business opportunities.
- (d) Meeting financial emergencies and other contingencies.
- (e) Any other purpose as may be deemed proper by the Board of Directors.

**CLASSES OF SHARES:**

As on the date of this Policy, issued, subscribed and paid-up share capital of the Company consists of only Equity Shares of face value of Rs. 10/- each. There is no other class of shares.

**DISCLOSURE:**

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

**GENERAL:**

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.

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

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.

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