

**T.C. TERRYTEX LIMITED**  
**("The Company")**

## **Dividend Distribution Policy**

### **Introduction & Applicability**

The Securities and Exchange Board of India (SEBI), through the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 and 2021, introduced Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This regulation mandates that the top 1,000 listed entities based on market capitalization (calculated as of March 31 of every financial year) formulate a dividend distribution policy, which must be disclosed in their annual reports and on their websites.

Although TC Terrytex Limited does not fall under the top 1,000 listed entities based on market capitalization, the Company, by a resolution of its Board of Directors dated 30th December 2024, has voluntarily adopted this policy to inform shareholders about how it plans to utilize extra profits and the parameters it will adopt regarding dividend distribution for equity shares.

### **Objective**

The primary objective of this policy is to outline the internal and external factors, including financial parameters, that will be considered while declaring dividends (interim or final). It will also detail the circumstances under which shareholders may or may not expect a dividend and how retained earnings will be utilized.

The Board of Directors ("Board") may consider declaring an interim dividend depending on the cash flow situation of the Company. The Company aims to maximize shareholder value, which it believes can be achieved through growth. This Policy reflects the Company's intent to reward its shareholders by distributing a portion of its profits, after retaining sufficient funds for business needs and growth. Dividend distribution will be based on the Board's recommendations and will be decided at a general meeting of shareholders. The Board may, depending on the Company's long-term growth strategy and prevailing circumstances, consider a higher dividend payout ratio while ensuring that sufficient funds are retained for the Company's growth.

### **Declaration and Payment of Dividend**

The Company endeavors to pay an appropriate dividend from its post-tax profits to shareholders in any given financial year, subject to the availability of sufficient profits for

distribution. The payout shall be subject to applicable taxes as per the relevant regulations. The Board reserves the right to recommend such percentage of dividend based on the performance of the year and other factors, ensuring compliance with Section 51 of the Companies Act, 2013. The Company will pay dividends proportionately, in accordance with the paid-up amount on each share.

Dividends for a financial year will be paid after the finalization of the Company's annual financial statements and the availability of distributable profits. The declaration and payment of dividends will adhere to the provisions of Sections 123 to 128 of the Companies Act, 2013. As per Section 123 of the Act, the Board may recommend a dividend for any financial year subject to the following conditions:

1. Out of the profits of the Company for that year, arrived at after providing for depreciation.
2. Out of the profits of the Company for any previous financial year(s), arrived at after providing for depreciation and remaining undistributed.
3. Out of both the above (1) and (2).

#### **Parameters for Declaration of Dividend**

The Board will consider the following circumstances, both internal and external, when declaring a dividend:

##### ***Financial Parameters***

- Availability of profits.
- Financial feasibility of the Company.
- Favorable debt-equity ratio.
- Debt interest coverage ratio.
- Liquidity position.
- Business expansions, acquisitions, etc.

##### ***External Factors***

- Shareholder expectations.
- Uncertain or recessionary economic and business conditions.
- Restrictions imposed under the Companies Act regarding dividend declaration.
- Sectoral performance.
- Future uncertainties and industry downturns.
- Government policy.
- Clientele effects.
- Risk factors.

##### ***Internal Factors***

- Growth rate of past earnings.

- Growth rate of projected profits.
- Expansion and modernization of existing business.
- Investment in research and development.
- Working capital requirements.
- Proposed mergers and acquisitions.
- Dividend approach (residual, stability, or hybrid).

### **Utilization of Retained Earnings**

**The Company shall strive to utilize retained earnings in a manner that is beneficial to both the Company and its shareholders.**

Subject to applicable regulations, the Company's retained earnings will be used for the following purposes:

- Funding organic and inorganic growth, including working capital, capital expenditure, repayment of debt, and product/market expansion.
- Buyback of shares, subject to applicable limits.
- Payment of dividends in future years.
- Issue of bonus shares.
- Any other permissible purpose.

The decision on the utilization of retained earnings will be based on the following factors:

- Acquisition/diversification of business.
- Long-term strategic plans.
- High cost of debt.
- Market/product development or expansion plans.
- Increase in production capacity.
- Modernization plans.
- Replacement of capital-intensive assets.

### **Procedure**

#### ***Interim Dividend***

- The Board of Directors may declare interim dividends during the financial year when they deem it fit.
- Interim dividends can be declared one or more times in a financial year. Typically, the Board may consider declaring interim dividends after the finalization of the quarterly/half-yearly financial statements.
- If declared, interim dividends will be paid to eligible shareholders as per the provisions of the Companies Act, 2013, SEBI Regulations, and other applicable laws. The first interim dividend may be declared during the Board meeting for the approval of the second quarter/half-year financial statements. The second interim dividend may be declared during the Board meeting for approving the third-quarter financial statements.
- Any interim dividends paid during the financial year will be considered as part of the final dividend at the Annual General Meeting of the Company.

### **Final Dividend**

- Final dividends are declared once a year, after the preparation of the annual financial statements.
- The Board of Directors will recommend the final dividend to the shareholders for approval at the Annual General Meeting.
- The final dividend will be paid to eligible shareholders as per the provisions of the Companies Act, 2013, SEBI Regulations, and other applicable laws.

### **Circumstances Under Which Shareholders May or May Not Expect a Dividend**

The decision to pay dividends is critical as it determines how much profit is distributed among shareholders and how much is retained for future business growth and modernization. The Company will continue to adopt a progressive and dynamic dividend distribution policy, balancing immediate and long-term requirements while rewarding shareholders.

The Company may not declare a dividend or may declare a lower dividend under the following circumstances:

- If the Company incurs losses or if profits are inadequate.
- If the Company requires funds for capital expenditures, working capital, or repayment of past loans.
- If there is inadequate cash availability.
- If the cost of raising funds from alternate sources is high.

It should be noted that the declaration of dividends is subject to the provisions of the Companies Act, 2013, SEBI Regulations, and any guidelines issued by the Ministry of Corporate Affairs, Ministry of Finance, or any other regulatory authority.

### **Classes of Shares**

The share capital of TC Terrytex Limited consists of one class of shares: equity shares with a face value of ₹10/- each. There are no other classes of shares issued as of the date of this policy, and the Company does not have any paid-up preference share capital convertible into equity shares. In case of the issue of any new class of shares in the future, this policy will be reviewed accordingly.

### **Publication of Policy**

This policy, as approved by the Board, shall be disclosed in the Annual Report and made available on the Company's website.

### **Amendment**

In case of any subsequent changes in the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Income Tax Act, 1961, or any other regulations, which render any of the provisions of this policy inconsistent with the Act or such regulations, the provisions of the Act or such regulations will prevail over this policy. Any such amendments will be disclosed along with the rationale in the Annual Report and on the Company's website.

### **Conflict of Policy**

In the event of any conflict between this policy and the provisions of the applicable regulations, the regulations will prevail. Any amendments, clarifications, or circulars issued by the relevant authorities that are inconsistent with this policy will take precedence, and this policy will be amended accordingly from the effective date of the relevant amendments, clarifications, or circulars.

### **Disclaimer**

This document does not solicit investments in the Company's securities, nor does it guarantee returns (in any form) for investments in the Company's equity shares.

For TC Terrytex Limited

**Akhil Satia**  
**Managing Director**  
**01138038**