
DIVIDEND DISTRIBUTION POLICY

(As approved by the Board of Directors on 24th January 2017)

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1. Preamble:

The Board of Directors (the “Board”) of TVS Motor Company Limited (the “Company”), has adopted the following policy and procedures (“Policy”) with regard to Dividend Distribution.

This Policy is in conformance with the requirement of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2016 (SEBI LODR Regulations). The Company is required to disclose the Policy on dealing with distribution of dividend, each year in its annual report as well as on its website.

2. Objective

This Policy is intended to ensure regularity of dividend payment, wealth maximization of the shareholders and consistent approach to dividend pay-out

3. Circumstances under which shareholders can expect Dividend

Companies will follow dividend policy where dividends are considered only if earnings are greater than what is needed to finance for capital budgeting needs as projected in the annual operating plan for each year.

The Board may declare one or more interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

This Policy applies to payment of interim and final dividend by the Company.

The Dividend for any financial year shall normally be paid:

- Out of the Company’s profits for that year (arrived at after providing for depreciation in accordance with law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of Directors of the Company); and / or
- Out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

The Company currently has issued equity shares only.

4. Financial parameters and other internal and external factors that would be considered for declaration of Dividend

The board of directors may consider relevant factors including, but not limited to, the following **internal and external factors for** dividend distribution:

1. Investment opportunities—for expansion and diversification new projects, acquisitions and/or any other potential strategic actions;
2. The liquidity position of the Company
3. Earnings growth;
4. Restrictions in debt agreements for the payment of dividends;
5. Track record of historic dividend
6. Dividend pay-out policies adopted by peers; and
7. To meet any contingency.
8. State of economy and nature of industry
9. Macro-economic and business conditions in general
10. Any other factors that may be considered by the board relevant before declaring dividend

The Company is consistently rewarding its shareholders with considerable dividend pay-out over the last several years and will continue to maintain the same, subject to other constraints as enumerated in this policy.

5. Utilisation of retained earnings

Company maintain retained earnings sufficient to address the financing of working capital, Capital expenditure, other corporate actions viz., Buy back, Reduction of capital etc., and unanticipated and emergency expenditures.

6. Amendments

The Board of Directors of the Company may subject to applicable laws amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors / Administrative Committee, in line with the broad intent of this Policy.

7. Disclaimer

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form) , on investments in the Company's securities.