



## TATA CONSUMER PRODUCTS LIMITED

### Dividend Distribution Policy

Version	2.0
Prepared by	Corporate Secretarial & Finance
Approved by	The Board of Directors at its meeting held on May 4, 2022
Effective Date	April 1, 2022

## **1. Introduction**

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The Company has in place a Dividend Policy since 2017. After incorporation of Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **'SEBI Listing Regulations'**) the existing Dividend Distribution Policy has been revised and framed according to the Listing Regulations and the Companies Act, 2013 read with rules framed thereunder (hereinafter referred to as **'Act'**).

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders.

This policy has been framed with an objective 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, this Policy lays down various guidelines, factors and parameters to be considered by the Board of Directors of the Company while recommending/ declaring Dividend from time to time.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

## **2. Statutory Requirements**

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The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Act, read with applicable rules framed thereunder, as may be in force for the time being and SEBI Listing Regulations, such other applicable provisions of law and the Articles of Association of the Company as amended.

Regulation 43A of the SEBI Listing Regulations requires top 1,000 listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy. The Company is thus required to formulate a Dividend Distribution Policy which shall be disclosed in its Annual Report and on its website.

### 3. Policy on Dividend declaration

<b>Declaration of dividend only out of profits</b>	Dividend shall be declared or paid only out of:  i) Current Year's profit a) After providing for depreciation in accordance with law, b) After transferring to the reserves of the Company such percentage of profits as may be considered appropriate or as may be prescribed, or  ii) The Profits for any previous financial year or years a) after providing for depreciation in accordance with law, and b) remaining undistributed, or  out of i) & ii) both
<b>Set off of Losses and depreciation of previous years</b>	Before declaring any dividend, the carried over previous losses and depreciation not provided in previous year or years must be set off against the profits of the Company for the current year.
<b>Declaration of Dividend out of reserves</b>	The Board of Directors should avoid the practice of Declaration of Dividend out of Reserves.
<b>Frequency</b>	The Dividends will generally be declared once a year after the announcement of full year results but before the Annual General Meeting.  In years of exceptional gains or other events a special dividend may be declared.  The Board of Directors may also declare interim dividend during the financial year, between two Annual General Meetings as and when they consider it fit.
<b>Parameters that shall be adopted with regard to various classes of shares</b>	Presently, the Company has one class of equity share of the face value of Re 1/- per share and no

	<p>preference share capital.</p> <p>As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.</p>
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#### 4. Parameters / factors to be considered before declaring dividend

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1) **Financial parameters**

- Current year profits
- Operating cash flow
- Outstanding borrowings, including debt to equity ratio.
- Cost of borrowings
- Past dividend trends

2) **Internal Factors** that shall be considered for declaration of dividend:

- Outlook of the company in line with its business plan
- Future capital expenditure program including
  - New project
  - Expansion of capacities of existing units
  - Renovation/ Modernization
  - Major Repairs & Maintenance
- Working capital requirements
- Likelihood of crystalization of contingent liabilities, if any
- Contingency Fund
- Acquisition of brands / businesses
- Sale of brands/ businesses
- Restrictions in any agreements executed by the Company.

3) **External factors**

- Prevailing regulatory and legal requirements, including tax regulations
- Industry trends
- State of economy in the country and worldwide

## **5. Circumstances under which shareholders may or may not expect dividend**

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The decision regarding dividend payout is a crucial 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 surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

The shareholders of the Company *may not expect dividend* in the following circumstances, subject to the discretion of the Board of Directors:

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- the Company has significantly higher working capital requirement affecting free cash flow;
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 4 above.

## **6. How the retained earnings will be utilized**

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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:

- Acquisition of brands or businesses;
- Market Expansion Plans
- Product Expansion Plans
- Modernization Plan
- Enhancement of production capacity
- Diversification of business
- Replacement of capital assets
- Long-term strategic plans
- Payment of Dividend or issue of Bonus Shares
- Other such criteria as the Board may be deemed fit from time to time.

## **7. Quantum of Dividend Pay-out**

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The Board of Directors would determine the Dividend pay-out based on the profitability under the Standalone and Consolidated Financial Statements of the Company for the financial year/period under consideration.

Subject to the circumstances and scenarios mentioned above, the Company shall endeavor to maintain a total dividend pay-out ratio (Dividend/Net Profit after tax for the year) in the range of 50% to 75% of the Annual Consolidated Profit after Tax (PAT) of the Company.

## **8. Disclosures**

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The Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.tataconsumer.com](http://www.tataconsumer.com)

If the Company proposes to declare dividend on the basis of parameters in addition to the parameters/factors mentioned in this policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its Annual Report and on its website.

## **9. Policy review and amendments**

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The Policy will be reviewed periodically by the Board. The Policy may be amended, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not 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.

## **10. Disclaimer**

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The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. 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 year and the Board reserves the right to depart from the policy as and when circumstances so warrant.