

Dividend Distribution Policy

Preamble:

The Securities Exchange Board of India (SEBI) vide its notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), by inserting Regulation 43A, making it mandatory for the top 500 listed Companies based on the market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which will be disclosed in their annual report and on their website.

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of **TCNS CLOTHING CO. LIMITED** ("the Company") in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. This policy has been adopted by the Board of Directors of the Company at its meeting held on 28th May 2019., being the effective date of this Policy. The Policy may be reviewed from time to time and it shall be open to the Board to vary or rescind the Policy.

Circumstances under which the shareholders of the company may or may not expect dividend:

The Board would declare dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year. The Board also considers past dividend history while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

, The shareholders of the Company may expect dividend only if the Company is having surplus funds to pay dividends after providing for all the expenses, depreciation and funding required for expansion plans, 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.
- Any other relevant factors and material events in opinion of the Board

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

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Financial/Internal Factors:
 - i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years; and
 - b. Internal budgets,
 - ii. Cash flow position of the Company,
 - iii. Accumulated reserves
 - iv. Earnings stability
 - v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
 - vi. Planned expansion activities including Brand acquisitions,
 - vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
 - viii. Deployment of funds in short term marketable investments,
 - ix. Long term investments,
 - x. Capital expenditure(s),and
 - xi. The ratio of debt to equity (at net debt and gross debt level).
- External Factors:
 - i. Business cycles,

- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Industry outlook for the future years,
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Utilisation of Retained Earnings:

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure for working capital,
- ii. Organic and/or inorganic growth including expansion/acquisitions
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalization of shares,
- vi. Buyback of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure,
- ix. Any other permitted usage as per the Companies Act, 2013.

Parameters with regard to various class of shares:

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

Modification of the Policy:

This policy will be reviewed and amended as and when required by the Board.
The policy will be available on the Company's website on Investor Section.

The policy will also be disclosed in the Company's annual report.

Limitation and Amendment

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.