

AUTOMOTIVE AXLES LIMITED

DIVIDEND DISTRIBUTION POLICY

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Document Title	DIVIDEND DISTRIBUTION POLICY
Approved on	August 9, 2021
Authority approving the Policy	Board of Directors

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1. PREAMBLE:

The Board of the Company has framed this policy in accordance with the amended Regulation 43A of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, whereby it has become mandatory for top 1000 listed entities (based on their market capitalization calculated as on 31st day of March every financial year) to formulate Dividend Distribution Policy and make appropriate disclosures in terms of SEBI LODR on the website of the listed entity and a web-link shall also be provided in their annual reports.

This Policy titled "Dividend Distribution Policy of Automotive Axles Limited" ("The Policy") comes into force on the date of approval by the Board of Directors.

2. SCOPE AND OBJECTIVE:

This policy lays down a broad framework for distribution of dividend by the Company. It sets out the broad parameters considered, various circumstances and factors which determine the Board's decision on recommendation/declaration of the Dividend, in the interest of providing transparency to the shareholders. This Policy also reflects the intent of the Company to share the profit of the Company with the owners of the Company in order to reward them for the confidence reposed by them in the Company.

This policy, however does not act as an alternative to the Board's decision for recommendation or declaration of dividend, which is made after considering various factors enumerated in this policy and other factors or circumstances existing at that point of time.

3. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND:

The Board while declaring and recommending the dividend, will consider several factors including the following parameters, which may be classified as financial, internal and the external factors:

Financial:

- a. Profit earned and available for distribution during the financial year
- b. Accumulated surplus appearing in the Profit and Loss account of the Company
- c. Amount available in the reserves for distribution of dividend
- d. Past dividend trends- rate of dividend, Earnings per share
- e. Cash flows

Internal factors:

- a. Future business expansion plans
- b. Capitalisation of profits
- c. Future Capital expenditure plans
- d. Capital restructuring plans
- e. Obligation to the creditors
- f. Covenants in loan agreements etc.

External factors:

- a. Macro-Economic environment
- b. Indian and global market conditions
- c. Changes in Government policy and regulatory provisions
- d. Cost of external financing
- e. Inflation rates

The factors listed above are not exhaustive but are only illustrative and the Board may consider other factors also.

4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

As discussed above, the declaration of dividend depends on various factors. Generally, the shareholders may expect dividend when the Company has earned distributable profits during the year or has in its Reserves or surplus, the distributable profits.

The shareholders may not expect dividend in the various circumstances like when the company has inadequacy of profits or incurs the loss during the financial year; when the Company has obligations requiring huge cash outflows; where the Company is contemplating huge capital expansion projects etc. The decision of the recommendation or declaration of dividend, as the case may be, shall be at the discretion of the Board.

5. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may consider retained earnings considering weighted average cost of capital in application for growth initiatives, if any, and increase in stakeholder's value from long term perspective. The decision of utilization of the retained earnings of the Company will, among other, be based on the following factors:

- a) Strategic and long-term plans of the Company;
- b) Organic and in-organic growth opportunities available to the Company,
- c) Non-fund based needs of the Company, which may require the Company to have a healthy consolidated balance sheet
- d) Decision for issue of bonus, buy-back etc.; and
- e) Any other criteria which the Board of the Company may consider appropriate.

6. STATUTORY/OTHER REQUIREMENTS

The Board is expected to adhere to the following while making recommendations to the Shareholders for their approval on dividend payout during any financial year:

- a. Companies Act, 2013 and applicable rules thereunder;
- b. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time-to-time;
- c. Articles of Association of the Company
- d. Any other applicable laws for the time being in force; and
- e. Financial covenants as may be stipulated by lenders of the Company.

7. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Presently, the Company has only one class of shares i.e., Equity Shares. As and when it proposes to issue any other class of shares, this policy shall be accordingly modified, if necessary, to cover such other class of securities.

8. QUANTUM OF DIVIDEND:

The Company shall declare and pay dividends equivalent to at least sixty percent (60%) of its distributable profits namely, all profits which are capable of being distributed as such after taking into account any statutory obligation for retention of earnings and also after providing for the amortization of the principal amount of all loan obligations due and owing to financial institutions for the fiscal year involved, earned during each such fiscal year of operation of the Company or equivalent to at least fifteen percent (15%) of the issued and paid-up equity capital (other than Bonus shares whenever issued) whichever is less. Subject to the criteria and other provisions of this Policy, the Board may in its absolute discretion decide to recommend or declare any dividend lower than the above rate for any financial year, considering the various parameters as mentioned in this policy.

9. DISCLOSURES

The Company shall disclose the Policy on the website of the Company and a web-link shall also be provided in the Annual Report.

10.SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and SEBI LODR or the Act or any other statutory enactments, rules (collectively "Laws"), the provisions of Laws shall prevail over this Policy.

11.REVIEW OF POLICY

The Board of Directors will review the policy periodically and consider modifying, amending, deleting any of the provisions of this Policy. If the Board, at any time, proposes to declare dividend(s) on the basis of criteria other than those specified in this Policy, or proposes to modify any of the criteria, then it shall disclose such changes along with the rationale for the same to the Shareholders on the Company's website and in the Annual Report.

12.DISCLAIMER

This Policy does not purport to or solicit investment in the Company's securities. The policy also does not provide any assurance of future dividends to the shareholders for their investment in the Company.

Date: August 09 2021

Place: Pune

For Automotive Axles Limited

Sd/-
Dr. B.N. Kalyani
Chairman