



UNIPARTS INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

Contents

1.	Background.....	2
2.	Legal Framework.....	2
3.	Definitions.....	2
4.	Effective Date	3
5.	Objective.....	3
6.	Factors/Parameter for dividend distribution	3
7.	External factors.....	4
8.	Declaration and payment of dividend	4
9.	Modifications/ Deviations to the policy.....	5
10.	Disclosure and Amendments to the policy	5

1. **BACKGROUND:**

The Policy's objective is to maintain guidelines for the Board of Directors to follow when declaring or recommending the amount of dividend (interim or final) per share. A dividend policy determines the ratio of dividends to retained earnings. Retained earnings are an important source of internal finance for the company's long-term growth, whereas dividends reduce the company's available cash funds.

Further predictability in dividend distribution plays a critical role in creating shareholder value. Given the importance of dividend in creating shareholder value, the Company has adopted this Dividend Distribution Policy to promote transparency in its financial operations, which is also a requirement stipulated in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's Dividend Distribution Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs. This policy focuses on ensuring dividend income for shareholders as well as long-term capital appreciation for the Company's stakeholders.

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.

The policy sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

2. **LEGAL FRAMEWORK:**

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy (“**Policy**”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

3. **DEFINITIONS:**

- i. **Act:** “Act” means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- ii. **SEBI Regulations:** SEBI Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- iii. **Dividend:** As defined under Section 2(35) of the Act.

iv. Free Reserves: As defined under Section 2(43) of the Act. v. Words and Expressions used and not defined in this Policy but defined in the Act, Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

4. EFFECTIVE DATE:

The Board of Directors of the Company at its meeting held on 16th April 2022 has adopted the Dividend Distribution Policy (the “**Policy**”) of the Company.

The Policy will come into force on 16th April 2022 and all dividends declared on or after this date will conform to the Policy.

5. OBJECTIVE:

The objective of the Policy is to specify:

- The external and internal factors that shall be considered while declaring dividend.
- The financial parameters that shall be considered at the time of dividend declaration.
- The circumstances under which the shareholders of the Company may or may not expect dividend.
- Utilisation of retained earnings
- Provisions with regard to various classes of shares

Further, the intent of the Policy is to inform stakeholders of the Policy of the Company with regard to declaration and distribution of dividend and to comply with statutory and regulatory requirements, to the extent applicable.

Subject to the criteria and factors mentioned in this policy document, the Board of the company shall endeavor to maintain an annual dividend payout of 25% of consolidated profit as dividend. This pay out ratio is a broad guidance and the Board of the company reserves the discretion of deviating on lower/higher side after considering all relevant factors as laid down in this policy.

The Board of Directors may consider the declaration of interim dividend depending upon the profits for the period and cash flow situation of the Company. The final dividend may be recommended by the Board and shall be decided at the Annual General Meeting of the Company.

6. FACTORS/PARAMETER FOR DIVIDEND DISTRIBUTION:

The factors / parameters falling within the following categories shall be considered while taking decision on dividend distribution. This is an illustrative list of factors and is not exhaustive.

(i) INTERNAL FACTORS

- (a) Profitability of the company during the period under consideration.
- (b) Free cashflow for the period under consideration
- (c) Growth and expansion plans including (but not limited to) any inorganic opportunities
- (d) Debt repayment obligations

- (e) Accumulated reserves, including retained earning
- (f) Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- (g) Earning Stability
- (h) Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

(ii) EXTERNAL FACTORS

- (a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.
- (b) Contractual restrictions/restrictions (if any) in debt covenants
- (c) Macro economic environment
- (d) Market conditions
- (e) Industry outlook for business in which company operates
- (f) Changes in Government policies and regulatory provisions
- (g) Cost of raising funds from alternate sources
- (h) Any other factor which has a significant influence / impact on the Company's operations.

7. UTILIZATION OF RETAINED EARNINGS

The utilization of retained earnings will be based upon following factors (list is not exhaustive)

- a) long term and strategic plans of the company
- b) Opportunities available to the company – Organic and in-organic
- c) General corporate purposes including contingencies
- d) Issue of bonus shares or buy back
- e) Any other factor(s) which the board of the company may consider appropriate

8. DECLARATION AND PAYMENT OF DIVIDEND:

- (a) Dividend, other than interim dividend, for a financial year shall be paid after the annual financial statements of the Company are finalised and the distributable profits is available.
- (b) The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act.

Pursuant to the provisions of Section 123 of the Act, dividend shall be declared:

- (a) out of the profits of the Company for that year arrived after providing for depreciation in accordance with the provisions of the Act;
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b)

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

The Company shall comply with relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine dividend for a particular period after taking into consideration financial performance of the Company, advice of

executive management and other factors/parameters described in the Policy.



10. PROVISIONS 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 needed, to cover such other class of shares.

11. MODIFICATIONS/ DEVIATIONS TO THE POLICY:

The Board of Directors or the Chairman is authorized to approve any modifications/ deviations to the Policy and will be the competent authority for any interpretation regarding the Policy. The modifications in the Policy if any, authorized by the Chairman, shall be placed at the ensuing/ next meeting of the Board of Directors for noting/ ratification.

12. DISCLOSURE AND AMENDMENTS TO THE POLICY:

The Policy shall be disclosed in each of the Company's Annual Report and on the website of the company

The Policy shall be reviewed periodically by the Board. Any amendments or changes made to it subsequent to the changes in the provisions of any Act or Regulations shall be disclosed in the annual report and on the website of the Company.

13. DISCLAIMER

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding this 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.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.
