

MUNJAL AUTO INDUSTRIES LIMITED

CIN: L34100GJ1985PLC007958

Regd. Office: 187, GIDC Industrial Estate, Waghodia, Vadodara, Gujarat - 391760

Tel: 02668-262421/22; **Fax:** 02668-262427

Website: www.munjalauto.com; **Email:** cs@munjalauto.com

Dividend Distribution Policy

1. Background and applicability

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), the top 1,000 listed companies (by market capitalization) shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The Board of Directors ("Board") of Munjal Auto Industries Limited ("Company") has adopted this Dividend Distribution Policy to comply with these requirements.

2. Objective of the Policy

The objective of this Policy is 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, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

3. The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the term of issue approved by the shareholders
- Issue of Bonus Shares by the Company
- Buy back of Securities

The policy is subject to review if and when the Company issues different classes of shares.

4. Dividend distribution philosophy

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

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

The decision regarding dividend payout is crucial decision as it determines the amount of profit to be distributed among the shareholders of the company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profit in order to maintain a healthy capital adequacy ratio to support future growth.

The shareholders of the company may not expect dividend in the circumstances which include (subject to discretion of the Board of Directors):

- i. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;

- ii. Significantly higher working capital requirements adversely impacting free cash flow;
- iii. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- iv. Whenever it proposes to utilize surplus cash for buy-back of securities.
- v. In the event of inadequacy of profits or whenever the Company has incurred losses.

6. Interim and Final Dividend

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.

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

- Earning Stability of the Company;
- The Company's liquidity position and future cash flow needs;
- Track record of Dividends distributed by the Company;
- Fluctuations in Business Cycle;
- Contractual Obligations / Debt Repayments, if any;
- Provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Prevailing Taxation Policy, Legal Requirements and Government Policies or any amendments expected thereof, with respect to Distribution/Declaration of distribution;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Cost and availability of alternative sources of financing;
- Stipulations/Covenants of loan agreements;
- Macroeconomic and business conditions in general;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend;

8. Utilisation of retained earnings

Subject to applicable regulations, the Company's retained earnings may be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buy back of shares subject to applicable limits.
- Payment of Dividend in future years.
- Issue of Bonus shares.
- Any other permissible purpose.

9. Modification of the Policy

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the listing Regulations, etc.

10. Disclaimer

This document neither solicits investments in the Company's securities nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.