

## **DIVIDEND DISTRIBUTION POLICY**

### **1) Scope and Objective**

This Dividend Distribution Policy (“**the Policy**”) lay down a broad framework for the distribution of dividend by the company.

The Policy defines conditions to be considered by the Board for recommending / paying a dividend to the shareholders of the Company while supporting the future growth of the Company.

The Board of Directors will recommend any interim / annual dividend based on this Policy, applicable laws, as well as any specific financial or market conditions prevailing at the time.

### **2) Dividend Policy**

#### **2.1) Dividend Distribution Philosophy**

The Company believes in long term value creation for its shareholders while maintaining the desired liquidity and leverage ratios and protecting the interest of all the stakeholders. Accordingly, the focus will continue to be on sustainable returns in terms of dividend, in consonance with the dynamics of business environment.

#### **2.2) The financial parameters that shall be considered while declaring dividend**

When recommending / determining the dividend, the company will consider, following internal / external factors amongst other matters:

- Actual Profits earned and available for distribution during the Financial Year
- Providing for anticipated capital expenditures or acquisitions to further enhance shareholder value or meet strategic objectives
- Setting aside cash to meet debt repayments
- Changes in cost and availability of external financing
- Past dividend trends – rate of dividend, EPS and payout ratio etc.
- Retaining earnings to provide for contingencies or unforeseeable events
- The overall economic environment including taxation
- Changes in government policy, industry rulings and regulatory provisions

#### **2.3) The circumstances under which shareholders may not expect dividend**

- 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 has significantly higher working capital requirement affecting free cash flow.
- The Company is prohibited to recommend/declare dividend by any regulatory body.
- Uncertainty of future business conditions.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 2.2 above.

2.4) Policy on utilization of retained earning

The utilization of retained earnings shall be for the following purposes :

- Inorganic / organic growth
- Diversification opportunities / capital expenditure
- Fund based requirement of company.
- General corporate purposes including contingencies
- Investments in the new/existing business
- Any other permitted use under the Companies Act, 2013 and applicable laws

2.5) Provisions with regard to various classes of shares

The provisions contained in this policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, *namely*, equity shares.

**3) Review and Disclosure**

This policy will be reviewed and amended, as and when, required by the Board and/or under applicable laws. Any revisions in the Policy will be communicated to shareholders in a timely manner. The Policy shall be disclosed in the Annual report and on the website of the Company, i.e., '[www.jtekt.co.in](http://www.jtekt.co.in)'.

**4) Limitation**

In the event of any conflict between the Act or the SEBI Regulations or other statutory enactments ("the 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.

**5) Disclaimer**

The Policy does not constitute a commitment regarding future dividends of the Company, but only represents guiding parameters regarding payment of dividend.

The statement of the policy does not in any way restrict right of the board to use its discretion in the recommendation of the dividend to be distributed considering various factors mentioned in the policy. Further, subject to the provisions of applicable laws, the board reserves the right to depart from the policy as and when circumstances so warrant.