

DIVIDEND POLICY

1. DEFINITIONS

- i. **‘Act’** means Companies Act, 2013, including any re-enactments thereof and amendments thereto;
- ii. **‘AGM’** means Annual General Meeting of the Company, including adjourned annual general meeting;
- iii. **‘AoA’** means the Articles of Association of Federal-Mogul Goetze (India) Limited;
- iv. **‘Board’** means the Board of Directors of Federal-Mogul Goetze (India) Limited;
- v. **‘Company’** means Federal-Mogul Goetze (India) Limited;
- vi. **‘Distributable Profit’** means the profits of the Company for the year, for which dividend is being declared, arrived at after providing for depreciation and/or the profits of the Company for any previous financial years arrived at after providing for depreciation;
- vii. **‘Dividend’** means a part of the Company’s net profit distributed among shareholders in proportion to the amount of paid up share capital held by them and refers to interim dividend or final dividend;
- viii. **‘Investor Education and Protection Fund’** means the fund established by the Central Government in terms of the provisions of the Companies Act, 1956, including and re-enactments thereof;
- ix. **‘Policy’** means this Dividend Policy of Federal-Mogul Goetze (India) Limited;
- x. **‘Record Date’** means the date to be fixed by the Company for closure of books of accounts for a particular financial year;
- xi. **‘Unpaid Dividend Account’** means a special bank account opened by Federal-Mogul Goetze (India) Limited with a scheduled bank for depositing unpaid and unclaimed dividend.

2. INTRODUCTION

The Company’s primary requirement is to maintain sufficient resources and flexibility to meet its financial and operational requirements. At the same time, the Company consistently seeks methods to create and enhance the value of its shareholders through both its commercial and financial strategies.

This policy aims at addressing the issues relating to the determination and payment of Dividend by the Company to its shareholders.

3. OBJECTIVE OF THE POLICY

The objective of this policy is to clearly define the Company's strategy on the distribution and utilization of its net profit for the purpose of distribution to the shareholders. The Policy intends to:

- 3.1 create a transparent method of payment of Dividend with adherence to the terms contained herein;
- 3.2 define the procedures to be followed by the Company in relation to the calculation, declaration and settlement of Dividend and for determining the manner and time period within which Dividend is to be paid;

4. DETERMINING FACTORS

In determining the Company's Dividend payout, the Board shall take into consideration a variety of financial and other parameters, which *inter-alia* shall include the following:

- i. macroeconomic factors and level of competitiveness in market;
- ii. cash flow from operations;
- iii. the outlook for Company's growth;
- iv. capital expenditure requirements;
- v. potential opportunities and expansion plans of the Company;
- vi. Company's overall debt obligations

5. TERMS OF DECLARING DIVIDEND

Decision to declare Dividends is not an obligation on the part of the Company and the payment of Dividend, if to be made, shall be made in conformity with the following terms:

- a) The AoA authorizes the Company to pay Dividend to its shareholders in proportion to the amount paid-up on the shares held by the shareholders.
- b) Dividend for a particular financial year may be declared or paid by the Company out of the Distributable Profits and shall be allocated among shareholders on a pro rata basis according to the number of shares held.
- c) The Dividend shall be recommended by the Board and paid to the shareholders who are registered on the Record Date.
- d) The Dividend shall be paid only in cash by cheque or warrant or any other prescribed mode.

- e) In conformity with the provisions of the Act and rules made thereunder, the decision on Dividends shall be proposed by the Board and is to be confirmed thereafter by the shareholders of the Company at an AGM.
- f) The Board may propose/ recommend payment of dividend by passing a resolution in a board meeting, which shall be subject to the confirmation / approval by the shareholders in an AGM. The Board Report or Directors' report to be laid before the shareholders of the company in the general meeting shall include the amount which has been recommended by the Board to be paid by way of Dividend.
- g) The Shareholders shall be entitled to pass a resolution for payment of Dividend recommended by the Board, in case the Company's condition as on the date of AGM is such that the Dividend the payouts will not harm its business and affect implementation of its development programs or strategies. However, the amount of Dividend to be approved for payment by the shareholders shall not exceed the amount recommended by the Board.
- h) The Shareholders shall be entitled to disagree with any recommendation of the Board on the Dividend amount and may pass a resolution for payout with a lesser amount than that recommended by the Board.
- i) Notwithstanding anything contained in this Dividend Policy, the Board or the Company may not declare any Dividend and the shareholders may not expect dividend in the following cases:
 - i. There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its debt obligations as and when they become due;
 - ii. Profits are required to be retained for capital expenditure; technology upgradation; repayment of debts, including interest; and operations of the Company etc.
 - iii. There is any other situation set forth by the Act or any other law for the time being in force.
- j) No interest shall accrue on unclaimed Dividends.
- k) If the shares are jointly held/ owned, the Dividend shall be distributed and paid to the first named shareholder.
- l) The bonus shares shall not be issued in lieu of Dividend.

6. PROCEDURE FOR DIVIDEND PAYMENT

- a. The amount of the Dividend, including interim Dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such Dividend.

- b. Dividend shall be paid within 30 (Thirty) days of declaration of dividend in the AGM.
- c. Dividends shall be paid to shareholders after deduction of applicable tax at the applicable tax rate prevailing as on the date of payment.
- d. The shareholders of the Company shall be solely responsible for making due submission with the Company of any information and changes thereto so as to enable the Company to make necessary changes in the shareholders' register, contact information, bank account details, communication address etc as may be required by the Company for the purpose of payment of Dividend.
- e. If the Dividend, after being declared, is not paid or remains claimed within 30 (Thirty) days of declaration in the AGM, then such amount of Dividend shall be transferred to the Unclaimed Dividend Account within 7 (Seven) days from the date of expiry of the said period of 30 (Thirty) days.
- f. An amount which remains unclaimed and unpaid for a period of 7 (Seven) years from the date they became due for payment will be transferred by the Company to the Investor Education and Protection Fund.

7. INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

Internal Factors :

- 1) Profits of the Company
- 2) Future Investment plans
- 3) Technical Upgradation
- 4) Capital Expenditure
- 5) Working Capital requirements

External Factors :

- 1) Cost of debt
- 2) Technological requirements due to change in Government policy
- 3) Changes in law
- 4) Market scenario like Recession, boom or depression etc.

8. UTILISATION OF RETAINED EARNINGS

The retained earnings shall, inter-alia, be utilized for the following purposes:

- 1) Operations of the Company;
- 2) Meeting the capital expenditure requirements;
- 3) Technology upgradation;
- 4) Repayment of debt, including interest; and
- 5) Such other purposes as may be determined by the Board, from time to time.

9. MISCELLANEOUS

Where there is an inconsistency between the clauses of this Policy and the Company's AoA with respect to the payment of Dividends, the provisions set forth in the Company's AoA must be adhered to. Further, if there is any change in the law, the provisions of law shall always prevail over the provisions of the policy.

This Policy may be amended in whole or in part by the Board at any time.

Adopted by the Board of Federal-Mogul Goetze (India) Limited on 29th July, 2016.