



Dividend Distribution Policy

Amara Raja Batteries Limited

CIN: L31402AP1985PLC005305

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Dividend Distribution Policy

1. Preamble

The Board of Directors (the “Board”) of Amara Raja Batteries Limited (“ARBL” or “the Company”) has adopted the following Dividend Distribution policy as required under the Regulation 43A of the SEBI (Prohibition of Insider Trading) regulations 2015.

2. Definitions

“Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

“Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

“Board” or “Board of Directors” shall mean Board of Directors of the Company.

“Dividend” shall mean Dividend as defined under Companies Act, 2013.

“Policy or this Policy” shall mean the Dividend Distribution Policy.

“SEBI Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

3. Parameters considered for declaration of dividend:

The Board of Directors of the Company would consider the following factors before declaring or recommending dividend to shareholders

Financial Parameters

The Board of Directors of the Company would consider the Profit After Tax (PAT) before declaring or recommending dividend to shareholders. The current dividend distribution policy is to distribute dividend (excluding corporate dividend tax) upto 30%¹ of the Profit After Tax each year under normal circumstances. The Board may declare or recommend special dividends in excess of 30%¹ of profit after tax depending upon the financial performance and also on certain special occasions.

¹The board of directors at their meeting held on May 15, 2019 enhanced the dividend distribution from 15% to 30% of PAT.

Internal factors

The other internal factors which shall be considered before declaring or recommending dividend include but not restricted to are expansion plans, corporate restructuring, scheme of arrangement or any other item which may have a financial impact on the Company.

External Factors

The external factors which shall be considered before declaring or recommending dividend include but not restricted to are Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.

4. Circumstances under which the shareholders may or may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever the Company undertakes or proposes to undertake a significant expansion project requiring huge capital;
- b. Significantly higher working capital requirements adversely impacting free cash flow;
- c. Whenever the Company undertakes any acquisitions or joint ventures requiring huge capital;
- d. In the event of inadequacy of profits or whenever the Company has incurred losses;
- e. Such other major corporate events which may impact the cash flows or requiring huge cash flows.

5. Utilization of retained earnings:

The Company may out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available, declare dividend, after having due regard to the parameters laid down in this Policy.

6. Parameters adopted with regard to various classes of shares:

At present, the authorized, issued and paid-up share capital of the Company comprises only equity shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

7. Disclosure:

The Company shall make appropriate disclosures as required under the SEBI Regulations.