

UDAYSHIVAKUMAR INFRA LIMITED
DIVIDEND DISTRIBUTION POLICY

Objective

The objective of this policy is to set out the principles and criteria to be considered by the Board of Directors before recommending dividends to the equity shareholders of Udayshivakumar Infra Limited (‘the **Company**’). This policy has been framed in accordance with the Securities and Exchange Board of India (“**SEBI**”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘**SEBI Listing Regulations**’), Companies Act, 2013 and amendments thereto. The Company is an insurance company governed by the Insurance Act, 1938, in addition to the provisions of the Companies Act, 2013 and rules made on this behalf and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The policy provides for parameters and criteria to be considered while declaring dividends considering the Company’s growth in business, regulatory solvency requirements and building an internal reserve for future endeavours in serving the insuring public. The Company believes that it has been serving in the insurance sector in an effective manner evidenced in the growth registered by it during the recent past, even during the Covid-19 pandemic period and hence, it would protect the interests of the policyholders at the same time, and would strive to reward the investors and shareholders appropriately by way of distribution of dividend.

Background

In terms of Regulation 43A of the SEBI Listing Regulations, the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) are required to formulate a dividend distribution policy which shall be disclosed on their websites and a link of such website is required to be provided in the annual report of such listed entity.

This policy sets out the parameters and circumstances that will be taken into account by the Company’s Board of Directors in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

This policy is not an alternative to the decision of the Board of Directors to recommend dividend, which is made every year after considering all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board of Directors.

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividends or retained earnings. Generally, the Board of Directors shall determine the question of declaration of dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. Among other considerations, broadly, a dividend may not be declared if the Board of Directors believes there is a need to conserve capital for growth or other exigencies.

Financial parameters that would be considered while declaring dividend

The Board of Directors would take into account the following parameters while declaring dividends or recommending dividends to shareholders:

- a. profitability and solvency margin position;
- b. the interim dividend paid, if any;
- c. the auditors’ qualifications pertaining to the statement of accounts, if any;

- d. the Company's capital position and requirements as per Internal Capital Adequacy Assessment Process (ICAAP) projections and regulatory norms,
- e. regulatory requirements,
- f. Capital allocation plans or growth plans (both, organic and inorganic) including:
 - a. Expected cash requirements of the Company towards working capital, capital expenditure in technology etc.;
 - b. Investments required towards execution of the Company's strategy;
 - c. Funds required for any acquisitions that the Board of Directors may approve; and
 - d. Any share buy-back plans.
- g. Financial performance of the Company for the year for which dividend is recommended;
- h. Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax, as applicable) recommended for the year to the net profit for that year);
- i. Tax implications if any, on distribution of dividends;
- j. Cost of raising funds from alternate sources of capital;
- k. Minimum cash required for contingencies or unforeseen events;
 - a. Funds required to service any outstanding loans;
 - b. Liquidity and return ratios;
 - c. Cash flows;
 - d. Earning stability;
- l. Any other significant developments or corporate actions (including but not limited to capital restructuring and capitalization of shares) that require cash investments.

Internal and external factors that would be considered for declaration of dividend

The dividend decision would be subject to consideration of any other relevant factors, including, for example:

- a. External factors include the state of the domestic and global economy, capital market conditions and dividend policy of competitors;
- b. Tax implications including applicability and rate of dividend distribution tax;
- c. Shareholder expectations;
- d. Any political, and regulatory changes in the geographies in which the Company operates;
- e. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- f. Any change in inflation;
- g. Cost of external financing or cost of raising funds from alternate sources;
- h. Any changes in the competitive environment requiring significant investment.

The decision regarding declaring a dividend shall be taken only by the Board of Directors at its meeting and not by a Committee of the Board of Directors or by way of a resolution passed by circulation. Any dividend to be paid shall be paid only after approval at an Annual General Meeting (AGM) of the Company. Shareholder approval is not required for payment of an interim dividend.

Utilization of retained earnings

The Company would utilise the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to for general corporate purposes, including organic and inorganic growth and/or appropriations/drawdowns as per the regulatory framework. The Board of Directors may decide to employ the retained earnings to include but not limited to ensuring maintenance of an optimal level of capital adequacy, meeting the Company's future growth/expansion plans, other strategic purposes and/or distribution to shareholders, subject to applicable law.

Circumstances under which the shareholders of the listed entities may or may not expect dividend

The Board of Directors of the Company may not recommend any dividend based on the regulatory eligibility criteria for recommendation of a dividend, including any regulatory restriction placed on the Company on declaring a dividend..

The Board of Directors of the Company may not recommend any dividend based on the capital and reserves position of the Company, the advice of executive management, and other parameters described in this policy. The Board of Directors may recommend no dividends if it is of the view that there is a need to conserve capital for growth or other purposes.

Parameters that would be adopted with regard to various classes of shares

Currently, the Company has only one class of equity shareholders. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of a declaration of dividend is considered for the equity shareholders. In case the Company issues other kind of shares, the Board of Directors may amend this policy.

Review

The Dividend Distribution Policy of the Company would be reviewed annually, or earlier, if material changes take place in the applicable regulations. Any requirement under applicable laws that needs to be covered under the Dividend Distribution Policy or any changes in the applicable laws or any requirement, to the extent applicable, shall be incorporated into this policy automatically.

Disclosure of the policy

This policy will be uploaded on the website of the Company. The Company also announces from time to time its capital allocation policy which is available at cs@uskinfra.com .

Limitation and Amendment

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.
