

# **DIVIDEND DISTRIBUTION POLICY**

## **SHARDA MOTOR INDUSTRIES LIMITED**

Regd. Off: D- 188, Okhla Industrial Area, Phase I, New Delhi -110020

CIN: L74899DL1986PLC023202

approved by the Board of Directors of the Company at its Meeting  
held on 23<sup>rd</sup> June, 2021

## **DIVIDEND DISTRIBUTION POLICY**

The Board of Directors (the “Board”) of Sharda Motor Industries Limited (the “Company”) at its meeting held on 23<sup>rd</sup> June, 2021 has adopted this Dividend Distribution Policy (the “Policy”) in view of the applicability of the provision of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (the “Listing Regulations”)

### **OBJECTIVE**

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

The Company would endeavor to pay sustainable dividend keeping in view the Company’s policy of meeting its short term and long-term fund requirements from internal accruals.

### **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital.

### **PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND**

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

- Profits earned during the financial year
- Retained Earnings
- Setting off unabsorbed losses and / or depreciation of past years, if any.
- Capex plans
- Earnings outlook for next three to five years
- Any other relevant factors and material events

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

- Macro-economic environment - Significant changes in macro-economic environment materially affecting the business in which the Company operates
- Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affects the business in which the Company operates

Considering various financial / internal and external parameters, the Board of Directors of the Company may elect to, generally, declare dividends (including dividend tax) considering the payouts of about 10% to 30% of the Net Profits after Tax.

#### **UTILISATION OF RETAINED EARNINGS**

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

#### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be

determined, if and when the Company decides to issue other classes of shares.

### **CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

### **AMENDMENTS**

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and regulations or as deemed fit on a review.