



# **DIVIDEND DISTRIBUTION POLICY**

## **SHARDA MOTOR INDUSTRIES LIMITED**

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

CIN: L74899DL1986PLC023202

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|---------------------------|---------------|
| Date of Previous Approval | June 21, 2021 |
| Date of current Approval  | May 21, 2026  |

## DIVIDEND DISTRIBUTION POLICY

### 1. SCOPE AND OBJECTIVE

In line with the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”], this Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company’s growth & sustainability. Through this policy, the Company also endeavours to maintain fairness and consistency while considering distributing dividend to the shareholders.

### PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING DIVIDEND

a) **Internal Parameters:** The Board of Directors of the Company shall inter-alia consider the following internal parameters, which includes financial parameters as well, while declaring or recommending dividend to shareholders:

Profit earned and available for distribution during the financial year.

- Accumulated reserves, including the retained earnings.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Setting off unabsorbed losses and /or depreciation of past years, if any.
- Future Capital Expenditure requirement of the Company.
- Growth plans, both organic and inorganic.
- Capital restructuring, debt reduction, capitalisation of shares.
- Earnings outlook for next three to five years
- Any other relevant factors and material events

b) **External Parameters:** 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.

- Competitive / Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.

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 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 25% to 50% of the Net Profits after Tax (PAT) on standalones basis.

## **2. UTILISATION OF RETAINED EARNINGS**

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The utilisation shall inter alia include: -

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

## **3. 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 shareholders of the Company *may not expect dividend* in the following circumstances, subject to the discretion of the Board of Directors:

- 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 undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

#### **4. 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.

#### **5. REVIEW AND DISCLOSURES**

This policy will be reviewed and amended, as and when, required by the Board and/or under applicable laws. The Policy shall be disclosed in the Annual report and on the website of the Company i.e. at [www.shardamotor.com](http://www.shardamotor.com) under “Policy” section.

#### **6. LIMITATION**

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail. Any subsequent amendment/modification in the Regulations, in this regard, shall automatically apply to this policy

#### **7. DISCLAIMER**

The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance 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.