

**Majestic Auto limited**

**DIVIDEND DISRIBUTION POLICY**

**Effective from 1<sup>st</sup> April, 2016**

**Reviewed on 29<sup>th</sup> June, 2020**

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

**PREAMBLE**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the company can either be retained in business, or can be distributed to the shareholders. The Company may choose to retain major part of its profits for business purposes and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the company. The company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of directors will refer to the policy while declaring/recommending dividends on behalf of the company. Through this policy, the company would endeavor to maintain a consistent approach to dividend pay-out plans.

**DECLARATION**

Dividend shall be declared or paid only out of-

**i) Current Years' Profit**

- a) After providing for depreciation in accordance with law;
- b) After transferring to the reserves such amount of profit as may be prescribed, or

**ii) The Profits for any previous financial year(s)**

- a) After providing for depreciation in accordance with law;
- b) Out of the amount available for dividend that remains undistributed after prescribed appropriations have been made.

**iii) Out of i) & ii) both**

## **LOSSES, IF ANY**

Before declaring any dividend:

The losses, if any, of any previous financial year(s) must be set off first against the profits of the company for the current year or previous years.

## **PARAMETERS OF DECLARATION OF DIVIDEND**

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013 (the Act). The Board may also declare interim dividends as may be permitted by the Act.

Subject to the provisions of the applicable law, the Company's dividend pay-out will be determined based on available financial resources, business requirements and taking into account optimal shareholder return.

Dividend pay-out would also be subject to profitability under Standalone Financial Statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

The most important internal and external factors that affect the dividend payout are regulations (taxation, repatriation & accounting policies), industry growth rate, natural calamity, capital investment needs, profitability, earnings variability, liquidity and cash flows, financial leverage and asset characteristics such as the composition of tangible and intangible assets. Further the impact of government policies as favorable and unfavorable in the real estate and allied laws for the operations of the Company.

## **Circumstances under which the shareholders of the Company may or may not expect dividend:**

- a) When the Company does not have any profits.
- b) When there are prolonged strikes or lockouts, natural calamities, regulatory actions, major accidents or other events significantly impacting revenue.
- c) Proposed expansion plans, renovations and up-gradations requiring higher capital allocation.
- d) Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow.
- e) Requirement of higher working capital for the purpose of business of the Company.
- f) Debt obligations.

g) Set-off loss or previous year loss.

**How the retained earnings shall be utilized:**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plans
- Diversification of business
- Long term strategic plans for growth
- Renovation/ Modernization
- Such other criteria as the Board may deem fit from time to time.

**REVIEW AND AMENDMENT**

- i. The Board may review the Policy as and when it deems necessary. The right to interpret/amend/modify this Policy vests in the Board of Directors of the Company.
- ii. This Policy may be amended or substituted by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
- iii. This policy as amended from time to time shall be made available on the website of the Company.

In case any of the terms or provisions of this Policy conflict with any law, rule, regulation etc. in force at any time, the law, rule, regulation etc. shall take precedence over the terms and provisions of this Policy.