

**DIVIDEND DISTRIBUTION POLICY
OF
HONDA INDIA POWER PRODUCTS LIMITED**

Adopted on : May 27, 2021

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Preamble

- 1.1. The Dividend Distribution Policy (hereinafter referred to as the “**Policy**”) has been developed in accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). The Board of Directors (the “**Board**”) of Honda India Power Products Limited (the “**Company**”) has adopted the Policy of the Company as required in terms of Regulation 43A of the Listing Regulations in its meeting held on May 27, 2021.
- 1.2. The Securities and Exchange Board of India (“**SEBI**”) vide its Gazette Notification dated May 05, 2021 has amended the Listing Regulations by amending Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top thousand Listed Companies based on their market capitalization calculated as on the 31st day of March of every year.
- 1.3. As the Company is one of the top thousand Companies as on March 31, 2021, the Board has laid down a broad framework for distribution of Dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

2. Purpose, Objectives and Scope

- 2.1. The Policy is not an alternative to the decision of the Board for recommending Dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.
- 2.2. The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, Dividend, which shall be consistent with the performance of the Company over the years. “**Dividend**” includes any Interim Dividend in terms of Section 2(35) of the Companies Act, 2013.
- 2.3. In case the Company proposes to declare Dividend on the basis of parameters in addition to Clauses 3.1 to 3.3 of the Policy or proposes to change such additional parameters or the Policy contained in any of the parameters, the Company shall disclose such changes along with the rationale for the same in its Annual Report and on its Website.

3. Parameters to be considered while declaring Dividends

The Board shall consider the following parameters as mentioned below, while taking decision on declaration of Dividend:

3.1. Statutory requirements

The Company shall observe the relevant statutory requirements which may be applicable to the Company at the time of taking decision with regard to declaration of Dividend or retention of profits.

3.2. Financial Parameters and Internal Factors

- Current year's profit/ Inadequacy of profit;
- Accumulated reserves;
- Distributable surplus available as per the various Acts and Regulations;
- Operating cash flow and future cash flow needs;
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals;
- Long term growth strategy of the Company requiring it to conserve cash to execute growth plan;
- Funds requirement for contingencies and unforeseen events with financial implications;
- Consistency concept for dividend declaration.

3.3. External Factors

- Government Policies and any changes therein;
- Industry Outlook Macro- economic conditions and any changes therein;
- Prevailing Taxation Policy or any amendments expected thereof;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

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

- 4.1. The Board shall consider the factors provided above under Clause 3 before determination of any Dividend payout after analyzing the prospective opportunities and threats, viability of the options of Dividend payout or retention, etc.
- 4.2. The decision of Dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

5. Utilization of retained earnings

- 5.1. Retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the Balance Sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.
- 5.2. The decision of utilization of the retained earnings of the Company shall inter-alia be based on the following factors:

- Long term strategic plans;
- Augmentation/ Increase in production capacity;
- Market / Product expansion plan;
- Modernization/replacement plan;
- Other such criteria as the Board may deem fit from time to time.

6. Classes of shares

As on the date of this Policy, Issued, Subscribed and Paid-up Share Capital of the Company consists of only Equity Shares of face value of Rs. 10/- each. There is no other class of shares.

7. Disclosure

The Company shall place this Policy on its website i.e. www.hondaindiapower.com/policies and shall also disclose the same in its Annual Report.

8. Review of the Policy

- 8.1. This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.
- 8.2. Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

9. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall seek any information or clarifications from the Management as may be required from time to time.

For **Honda India Power Products Limited**

Sd/-

Sunita Ganjoo

Company Secretary and Compliance Officer