



SSSMehta Industries Ltd.

SSSMEHTA INDUSTRIES LIMITED

CIN: U24109JH2021PLC017679

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Estate, Adityapur, Jharkhand, India – 832109**

Website: www.sssmeipl.com

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

This Dividend Distribution Policy ("Policy") is formulated by the Company pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

Under Regulation 43A of the Listing Regulations, formulating a Dividend Distribution Policy is mandatory for the top 1,000 listed entities based on market capitalization as of 31st March of each financial year. While not mandatory for other listed entities, the Company has voluntarily adopted this Policy to foster good corporate governance and maintain transparent disclosure standards for its shareholders.

The Board of Directors of the Company ("Board") approved and adopted this Policy at its meeting held on 25th July, 2026.

2. EFFECTIVE DATE

This Policy shall be operative with effect from **25th July, 2026**.

3. DEFINITIONS

Unless the context otherwise requires, the terms referred to in the Policy shall have the same meaning as defined under the Companies Act, 2013 (the 'Act'), the Rules made thereunder, and the SEBI guidelines, including Listing Regulations.

4. PURPOSE

The purpose of this policy is to provide the dividend distribution framework to the shareholders of the Company as required by the Listing Regulations and to lay down:

- a) Parameters including Internal, external and financial factors that shall be considered while declaring the dividend;
- b) Circumstances under which the shareholders of the Company may or may not expect dividend; and
- c) Manner of utilization of retained earnings.

The Board shall recommend/declare dividend in compliance with this policy, Listing Regulations, the provisions of the Act and the Rules made thereunder and other applicable legal provisions.

The Policy is not an alternative to the decision of the Board for recommending/declaring dividend. The Board may decide declaring dividend, taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered appropriate by the Board.

Nothing contained in this Policy shall be construed as creating any right in shareholders to receive dividend. The declaration of dividend shall be at the sole discretion of the Board, subject to applicable law.

5. DIVIDEND

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 may either be retained in business or used for acquisitions, strategic investments, financial investments, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

Dividend shall be declared out of the current year's Profit after Tax of the Company, which is available for dividend. Only in exceptional circumstances (such as loss in any particular financial year), the Board may consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions. Where dividend is declared out of accumulated profits/free reserves in any year in which the Company has inadequate or no profits, such declaration shall be subject to the conditions prescribed under Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014, including that:

- (i) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared in the three years immediately preceding that year, and shall be Nil where no dividend was declared in any of those three years;
- (ii) the total amount drawn from accumulated free reserves shall not exceed ten percent (10%) of the paid-up share capital and free reserves as per the latest audited financial statements;
- (iii) the amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared; and
- (iv) the balance of reserves after such withdrawal shall not fall below fifteen percent (15%) of the paid-up share capital as per the latest audited financial statements.

Following adjustments shall be carried out while calculating profits available for dividend:

- a) Profits as per standalone Financials shall be considered.
- b) 'Other Comprehensive Income', which is disclosed after 'Profit after Tax' in the statement of 'Total Comprehensive Income' in Financial Statements, which mainly comprises of unrealized gains/losses, shall not be considered for the purpose of declaration of dividend. However, the gains once realized and available to be classified as free reserve may be considered as such.
- c) Any unrealized gains, notional gains or gains on the revaluation of assets or surplus on measurement of assets or liabilities at fair value shall not be considered.
- d) Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year, as it may consider appropriate to the reserves of the Company.

The net payout to shareholders shall be subject to deduction of tax at source, if applicable as per the prevailing tax laws.

Any unclaimed dividend shall be dealt with as per the procedure prescribed under Act, rules made thereunder, and/or SEBI Guidelines.

Subject to the provisions of the Act, Listing Regulations, MOA & AOA, and the terms & conditions of the issue of securities by the Company, the Company may pay dividend in proportion to the amount paid up on each share.

The dividend shall be paid through the use of any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I of Listing Regulations.

Dividend rights shall be governed by the applicable provisions of the Companies Act, 2013, SEBI Regulations and other applicable laws.

6. CATEGORY OF DIVIDENDS

The Act provides for two forms of Dividend- Final & Interim.

6.1 FINAL DIVIDEND

The Final dividend is declared and paid once for the financial year at the time of approval of annual financial statements. The Board has the power to recommend the payment of Final Dividend which is subject to declaration by the shareholders in annual general meeting of the Company.

Approval of payment of Final Dividend

The Board shall recommend amount of final dividend payable to shareholders in its meeting, which shall be subject to Shareholders' approval in the Annual General Meeting.

6.2 INTERIM DIVIDEND

The Board of Directors of the Company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting, out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of the profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend in terms of section 123(3) of the Act.

Approval of payment of interim dividend

Board may declare interim dividend at its complete discretion in line with this Policy, based on profits arrived at as per quarterly (or half- yearly) financial statements. The Board may decide to declare such interim dividend once or more than once during the year. The Board may also recommend a special dividend, as and when deemed appropriate.

7. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board shall consider the factors provided in this policy before determination of any dividend payout.

The shareholder of the Company may not expect dividend under the following circumstances:

- a) In the event of inadequacy of profits or whenever the Company has incurred losses;
- b) Whenever the Company undertakes or proposes to undertake a significant expansion project or any acquisition/investment or Joint venture, requiring significant allocation of funds;
- c) Requirement of higher working capital for the purpose of the business of the Company;
- d) Utilization of surplus cash generated during the financial year in entirety for alternative forms of distribution such as buy-back of securities;
- e) Material deployment of cash reserves or any adverse change in financial position or key financial performance indicators, as assessed by the Board;
- f) Pandemic or any other circumstances which may pose significant uncertainties with respect to profits in the near future or any other significant development that require cash investments.

8. DECLARATION OF DIVIDEND

Subject to the provisions of the Act, dividend shall be declared or paid only out of-

- i) Current financial year's profit available for dividend:
 - a) after providing for depreciation in accordance with law;
 - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
- ii) The profits for any previous financial year(s):
 - a) after providing for depreciation in accordance with law; and
 - b) remaining undistributed; or
- iii) out of i) & ii) both.

The Company shall intimate the stock exchange(s) of the record date for the purpose of declaration of dividend, in accordance with the applicable law and the Listing Regulations, as amended from time to time.

9. PARAMETERS/FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and the amount of profit to be retained in the business. The Board shall generally try to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several internal and external factors.

The Dividend pay-out decision of any Company depends upon below-mentioned factors-

9.1 EXTERNAL FACTORS, INCLUDING BUT NOT LIMITED TO:-

- a) **State of Economy-** in case of uncertain or recessionary economic and business conditions, Board shall endeavor to retain a larger part of profits to build up reserves to absorb future shocks.
- b) **Capital Markets-** when the markets are favorable, dividend payout can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay out in order to conserve cash outflows.

- c) **Statutory Restrictions-** the Board shall keep in mind the restrictions imposed by the Companies Act and other statutory authorities with regard to declaration of dividend.
- d) **Government Regulations-** Any political, tax and regulatory changes in the geographies in which the Company operates.

INTERNAL FACTORS: -

Apart from the various external factors aforementioned, the Board shall take into account various internal factors while declaring dividend, which inter alia may include-

- (i) Business plans;
- (ii) Present & future Capital requirements of the existing businesses;
- (iii) Brand/ Business Acquisitions/Mergers;
- (iv) Expansion/Modernization of existing businesses;
- (v) Working capital requirements;
- (vi) Additional investments in subsidiaries/associates/joint ventures of the Company;
- (vii) Past payouts/capital returned to shareholders;
- (viii) Fresh investments into external businesses;
- (ix) Cash required for contingencies or unforeseen events; and
- (x) Any other factor as deemed fit by the Board.

9.2 FINANCIAL PARAMETERS

- (i) Current year profits;
- (ii) Operating Cash Flow;
- (iii) Distributable surplus as per applicable statutory regulations;
- (iv) Past dividend payout trends of the Company;
- (v) Cost of borrowings;
- (vi) Outstanding Borrowings, including debt to equity ratio; and
- (vii) Any other factor/or significant events which the Company's Board may consider.

9.3 PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

Presently, the Authorized Share Capital of the Company comprises of Equity shares only. In the absence of any other class of shares, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.

10. UTILIZATION OF RETAINED EARNINGS

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

The Company may utilize the retained earnings for making investments for future growth, research and development, expansion/diversification including making strategic investments, acquisitions,

financial investments, and any other business requirement that would help the Company to consolidate its presence of business, for generating higher returns for the shareholders or for any other specific purpose as approved by the Board of Directors of the Company.

11. TARGET DIVIDEND PAYOUT

The Board shall generally try to achieve a dividend payout ratio up to 65% of the Standalone Profit after Tax (calculated based on parameters mentioned in earlier paragraphs). The Board may subject to applicable rules and regulations exclude below items while arriving at such profits, in order to calculate such range:

- a) Any exceptional gains that may not represent the true operational performance of the Company, such as gains in value of investments on mark to market basis
- b) Impairment of any assets or investments on fair value
- c) Gains on sale of investments
- d) Gain on sale of any undertaking

However, the Board may decide to distribute the amount of exceptional gain on sale of investments, fully or partly, or on any other event as it may deem fit, as special dividend, subject to applicable guidelines, having regard to prevailing circumstances and overall plans. Further, the Board reserves the right not to declare dividend or decide any rate of dividend.

12. INAPPLICABILITY OF THE POLICY

The Policy shall not apply to a distribution by way of bonus shares or buyback of equity shares.

13. DISCLOSURE

The Policy shall be disclosed on the website of the Company.

If the Company proposes to declare dividend based on the parameters in addition to the parameters mentioned in this Policy it shall disclose such changes along with the rationale for the same in its Annual Report & on its website.

If the Board decides to deviate from this Policy, the rationale for the same shall be suitably disclosed in the annual report and the website of the Company. This Policy would be subject to revision / amendment on a periodic basis, as may be necessary.

14. LIMITATION

In the event of a conflict between this Policy and the Statutory and Regulatory requirements, such requirements shall prevail upon the provisions hereunder and this Policy shall stand amended to the extent of such inconsistency accordingly.

15. REVIEW OF THE POLICY

The Board or any committee thereof, as may be authorized by the Board, may, from time to time, amend, modify, repeal or revise any or all provisions of this Policy. This Policy is also subject to

modification, if any, in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authorities.