



H.G. INFRA ENGINEERING LIMITED

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top five hundred listed entities need to mandatorily formulate a dividend distribution policy based on market capitalization calculated as on the 31st day of March of every financial year. Accordingly, the Board of Directors ('Board') of H.G. Infra Engineering Limited ('Company') has adopted this 'Dividend Distribution Policy' ('Policy').

This Policy aims to lay down a framework with regard to distribution of dividend or retention of profits and to provide clarity to the stakeholders on the dividend distribution strategy of the Company.

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.

REGULATORY FRAMEWORK

The Company shall pay dividend (including interim dividend) in compliance with the relevant provisions of the Companies Act, 2013 (the 'Companies Act'), the Companies (Declaration and Payment of Dividend) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI LODR'), as amended from time to time and such other act, rules or regulations which provide for the distribution of dividend.

OBJECTIVE AND SCOPE

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc. The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.

Policy lays down below parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

- The circumstances under which the shareholders may or may not expect dividend;
- The financial parameters and internal and external factors that shall be considered for declaration of dividend;
- Policy as to how the retained earnings shall be utilized; and
- Parameters that shall be adopted with regard to various classes of shares.

However, the Company reserves the right to carry out in any change in the aforesaid parameters, in the best interest of the Company, shareholders and/or other stakeholders.

FACTORS TO BE CONSIDERED BEFORE DECLARING DIVIDEND

The Company would, inter alia, consider the following financial parameters and / or internal & external factors before declaring dividend(s) or recommending dividend(s) to the shareholders:

- Stability of earnings and Cash flow from operations;
- Profits earned during the financial year;
- Fund requirements to finance the working capital needs of the business;
- Industry outlook and stage of business cycle for underlying businesses;

- Opportunities for investments of the funds of the Company to capture future growth in the industry, e.g. capital expenditure, geographical expansion, etc;
- Funding requirements for any organic and inorganic growth opportunities to be pursued by the Company;
- Optimal free cash to fund any exigencies, if any;
- Leverage profile and liabilities of the Company;
- Past dividend trends;
- Overall economic / regulatory environment;
- Tax implications, if any, of distribution of dividend;
- Cost of raising funds from alternate sources;
- Corporate actions including mergers/demergers, acquisitions, bonus issue, right issue;
- Interim dividend paid, if any; and
- Any other factor which may have a financial impact on the company or as deemed fit by the Board.

The circumstances under which shareholders may or may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

- Due to uncertain or recessionary economic and business conditions;
- Due to operation of any law in force;
- Due to losses incurred by the Company and the Board consider it appropriate not to declare dividend for any particular year;
- Due to any significant expansion plans of the Company;
- Due to any restrictions on payment of dividend imposed by any regulator or prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws; and
- Any other extraordinary circumstances.

In case the Board proposes not to distribute the profit, the grounds thereof and information on utilisation of the retained earnings, if any, shall be disclosed to the shareholders in the Board's Report forming part of Annual Report of the Company.

USE OF RETAINED EARNINGS

The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These retained earnings will be used inter alia for the Company's strategic growth plans, working capital requirements, debt repayments and other contingencies.

PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE

The Company has only one class of shares referred to as equity shares of the face value of Re. 10/- each, forming part of its Issued, Subscribed and Paid – up share capital.

As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

Dividend (including interim and/or final) would be declared and paid to equity shareholders at the rate fixed by the Board of Directors of the Company. Final dividend proposed by the Board of Directors, if any, would be subject to the approval of the shareholders at the Annual General Meeting.

DIVIDEND INFORMATION

Information on the dividends paid in the last five years will be made available on the Company's Website viz. www.hginfra.com

DISCLOSURE & AMENDMENT/REVIEW OF POLICY

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to revision / amendment on a periodic basis, as may be necessary. Any amendment(s) of any provision of this policy shall be carried out by persons authorized by the Board in this regard. This policy (as amended from time to time) will be available on the company's website and in the annual report.

VARIATION

In the event of any variation or inconsistency between provisions of this policy and any amendments, clarifications, circulars, notifications or guidelines issued by the relevant authorities, then such amendments, clarifications, circulars, notifications or guidelines shall prevail over this policy and the provisions of this policy shall be deemed to have been amended so as to be read in consonance with such amendments, clarifications, circulars, notifications or guidelines.

If the Board decided to deviate from this policy, the rationale for the same will be suitably disclosed in the annual report and on the company's website.

Effective Date: June 24, 2020

Date of the approval by the Board: June 24, 2020

Version: 02