

HAZOR MULTI PROJECTS LIMITED

CIN No: L99999MH1992PLC269813

DIVIDEND DISTRIBUTION POLICY

Regd. office: C-45, Floor 4TH, Plot -210, C Wing, Mittal Tower, Barrister Rajani Patel Marg,
Nariman Point Mumbai- 400021 IN

E-Mail: hmpl.india@gmail.com , **Web:** www.hazoomultiproject.com,

Phone: 022-22000525

OBJECTIVE

The objective of this policy is to establish the principles and criteria to be considered by the Board of Directors prior to recommending dividend to the equity shareholders of Hazoor Multi Projects Limited ("HMPL").

The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The HMPL has endeavored to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests of HMPL and its stakeholders.

A. PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

Statutory and Regulatory Parameters

HMPL shall declare dividend only after ensuring compliance with requisite regulations and directives as stipulated by the provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.

External Factors

The Dividend pay-out decision of any company, depends upon certain external and internal factors:

External Factors:

- The Board should keep in mind the restrictions imposed by Companies any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company may also impact the declaration of dividend.
- The Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic conditions and in situation where the policy decisions of the Government have a bearing on or affect the business of the Company.
- The nature of industry in which a company is operating influences the dividend decision. Like the industries with stable demand throughout the year are in a position to have stable earnings and thus declare stable dividends.
- The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the company for declaring dividends.
- In case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.
- A Cost of borrowing and covenants, if any, with Lenders.

- Business outlook for the future years.
- Government policies
- Prevalent market practices

Internal Factors:

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include –

- The extent of stability and magnitude of company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the company.
- A company's liquidity position also determines the level of dividend. If a company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend payout.
- If a company foresees some profitable investment opportunities in near future including but not limited to Brand/ Business Acquisitions, Expansion / Modernization of existing businesses, Additional investments in subsidiaries/associates of the Company, Fresh investments into external businesses, then it may decide for lower dividend payout and vice-versa.
- Leverage profile and liabilities of the Company.
- Past dividend declaration trend of the Company.
- Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- Profits earned during the financial year, accumulated reserves and distributable profits.
- Working capital and capital expenditure requirement
- Financial commitments with respect to the borrowings undertaken/proposed undertaken and interest thereon.
- Such other factors material events which the Board of Directors may consider relevant.

UTILISATION OF RETAINED EARNINGS

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. 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 earnings may be utilized for internal financing of its various projects and for fixed as well as working capital. Thus the retained earnings shall be utilized for carrying out the main objectives of the company and maintaining adequate liquidity levels, Implementation of expansion / diversification plans to meet capital requirement for maintenance of appropriate capital adequacy ratio, Support business / operational requirements of the Company and Such other events which the Board of Directors may consider relevant.

DIVIDEND AND CLASSES OF SHARES

The Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof.

Currently, HMPL does not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for equity shareholders.

B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

While the decision to declare / recommend dividend shall primarily be dependent on the parameters mentioned above, the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors: -

- Proposed expansion / diversification plans requiring higher capital allocation.
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc which requires significant capital outflow.
- Requirement of higher working capital to support business and operations of the Company.
- Proposal for corporate action requiring significant capital outflow such as buy-back of securities. –
- In the event of loss or inadequacy of profit or cash flow available for distribution.
- Such other circumstances which the Board of Directors may consider relevant

FORMS OF DIVIDENDS

The Companies Act provides for two forms of Dividend:

- **Final Dividend:**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- **Interim Dividend:**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/ half yearly financial results. This would be in order

to supplement the annual dividend or to reward shareholders in exceptional circumstances.

QUANTUM OF DIVIDEND AND DISTRIBUTION

Dividend payout in a particular year shall be determined after considering the operating and financial performance of the Company and the cash requirement for financing the Company's future growth. In line with the past practice, the payout ratio is expected to grow in accordance with the profitable growth of the Company under normal circumstances.

DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of

1) Current financial year's profit:

- after providing for depreciation in accordance with law;
- after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed; or

3) Out of 1 & 2 both.

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

- Whenever it undertakes any acquisitions or joint ventures requiring allocation of capital;
- the Board considers it appropriate to retain profit for future expansion;
- Higher working capital requirements adversely impacting free cash flow;
- To infuse funds for the growth of the company;
- A Due to operation of any other law in force;
- Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders, and
- Any other circumstances as deemed fit by the Board

AMENDMENTS

To the extent any change/amendment is required in terms of applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be suitably modified to make it consistent with the law. Such amended policy shall be placed before the Board for noting and necessary ratification.

REVIEW OF POLICY

The Board shall review the Dividend Distribution Policy of HMPL as and when required.

DISCLOSURE OF POLICY

The Dividend Distribution Policy placed on the Company's website:
www.hazoomultiproject.com

(This policy is approved by the Board of Directors at their meeting held on 09th August 2023 and effective from 09th August 2023)