

DIVIDEND DISTRIBUTION POLICY

I. BACKGROUND

Pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations"), read with provisions of section 123, 124 of the Companies Act, 2013 ("Act") and Companies (Declaration and Payment of Dividend) Rules, 2014 and Secretarial Standards notified and confirmed by Ministry of Corporate Affairs, this Dividend Distribution Policy ("Policy") has been approved by the Board of Directors of the Company at its meeting on 13th February 2025 being the effective date of this Policy.

As per the Listing Regulations, it is mandatory for the top 1000 listed entities based on their market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which will be disclosed on their website.

II. OBJECTIVE

The objective of this Policy is to establish the parameters (including internal and external factors) to be considered by the Board of the Company before declaring or recommending dividend. Through this Policy, the Company will endeavour to maintain fairness, consistency and sustainability while distributing profits to the shareholders of the Company in the interest of providing transparency to the shareholders.

III. DEFINITIONS

- a. "Act" means the Companies Act, 2013 and rules made thereunder including any amendment(s) or modification(s) or circular(s) or notification(s) or order(s) or re-enactment(s) thereof
- b. "Applicable laws" shall mean the Act, the Listing Regulations, together with the circulars issued thereunder, as amended from time to time; and such other act, rules or regulations which deal with the distribution of dividends.
- c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- d. "Company" shall mean Hy-tech Engineers Limited.
- e. "Dividend" includes any interim dividend.

Words and expressions used and not defined in this Policy but defined in the Act or other Applicable Laws shall have the same meaning respectively assigned to them in the Act / Applicable Laws.

IV. CATEGORY OF DIVIDENDS

The Company may, subject to its articles of association, pay dividends in proportion to the amount paid-up on each share. The Act provides for two forms of Dividend - Final and Interim. The Board shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

● Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of the Company has the power to recommend the payment of final dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the Board's report and 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 one or more times in a financial year as may be deemed fit by it 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 profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend. Further, such declaration of interim dividend shall be in line with this Policy. By way of guidance, the Board should usually declare an interim dividend after finalization of quarterly (or half yearly) financial accounts.

V. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

1. Factors for recommendation/ declaration of Dividend.

a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial / internal parameters for the purpose of recommendation/declaration of dividend:

- i. Profits earned and available for distribution during the financial year;
- ii. Financial commitments including with respect to the outstanding borrowings and interest thereon.
- iii. Financial requirement for business expansion and/or diversification by the Company.
- iv. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- v. Cash flows;

- vi. Any other relevant factors and material events.

b. External factors

The Board shall also consider the below mentioned external factors at the time of taking a decision with respect to recommendation/declaration of dividend:

- i. Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged.
- ii. Macro-economic environment – Significant changes in macro-economic environment materially affecting the business in which the Company is engaged in the geographies in which the Company operates.
- iii. Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.
- iv. Dividend payout ratio and comparison of dividend payout by the competitors.
- v. Other factors like statutory and contractual restrictions.

If the Board decides to consider any parameters in addition to those stipulated above or proposes to change such additional parameters or this Policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

2. Circumstances under which the shareholders of the Company may or may not expect dividend.

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Act and Listing Regulations. The decision regarding declaration and payment of dividend is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board and Applicable Laws:

- in case of inadequacy of profits or whenever the Company has incurred losses;

- whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital;
- significantly higher working capital requirement affecting free cash flow;
- whenever the Company proposes to utilize surplus cash for buy-back of securities or setting off previous year losses or losses of its subsidiary/ies; and
- in case of being prohibited to recommend/declare dividend by any regulatory body.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy, if any.

3. Manner of utilisation of Retained Earnings

Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and also its shareholders. The retained earnings may be utilized by the Company for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of the Company. The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of free reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable Laws.

4. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. Equity share. Parameters for dividend payments in respect of any other class of share will be as per the respective terms of issue and in accordance with the applicable laws and will be determined, if and when the Company decides to issue other classes of shares.

5. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Applicable Laws, the provisions of Applicable Laws shall prevail.

6. AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to change in Applicable Laws or as deemed fit on a review.

7. DISCLOSURE

The Policy shall be disclosed on the website of the Company and a web-link shall also be provided in its annual report.