

## Dividend Distribution Policy

### PREAMBLE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, requires the top 1,000 companies (based on market capitalization every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in the Company's Annual Report and on its website. The Company is among these 1,000 companies as of March 31, 2021; the Board must therefore set the framework for a dividend to shareholders as also the utilization of retained earnings.

The Board of Directors in its meeting held on 12<sup>th</sup> August 2021 has adopted this Dividend Distribution Policy containing following parameters, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.

The Policy is effective from this date on which it was approved by the Board.

### 1. PARAMETERS FOR THE POLICY

(i) The dividend for any financial year shall normally be paid out of the Company's profits for that year. The Board shall determine the dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management (Executive Chairman and Managing Director) and other relevant factors in this regard.

(ii) In case of inadequacy in operating cash flow, the Company may need to rely on external funding to meet its financial obligations and other working capital needs. The Board will consider the same before its deciding on whether to declare dividend or retain its profits.

(iii) If during any financial year, the Board determines that the profits of the Company are inadequate or in the event of loss, the Board may decide not to declare dividends for the financial year

(iv) In addition to the operational and working capital requirements, the Board may also take into account the need to plough back the earnings on account of depreciation, replacement of capital assets, expansion and modernization or augmentation of capital assets.

### 2. OTHER SIGNIFICANT PARAMETERS

#### 2.1 Circumstances under which the shareholders may or may not expect dividend:

The Shareholders of the Company may not expect Dividend under the following circumstances:

- Significant expansion project requiring higher allocation of capital.
- Any acquisitions or joint ventures requiring significant allocation of capital.
- Utilisation of surplus cash for buy-back of securities.

## **2.2 Internal and External factors to be considered while declaring dividend**

The internal factors are

- financial constraints
- retention by the customers against performance warranties
- Likelihood of crystallization of contingent liabilities, if any
- investment for up-gradation
- replacement and modernization of Plant and Equipments
- for acquisition and diversification of businesses and technologies
- Cost of Borrowings

The external factors which may affect the decision regarding declaration of dividend are

- cyclical nature of Industry to which the Company caters to
- rates of interest
- economic policies of the Government particularly affecting construction industry
- Statutory provisions and guidelines

## **3. Financial parameters that shall be considered while declaring dividend:**

- Profits earned during the financial year;
- Distributable surplus after transfer to Reserves in the opinion of the Board exceeding the amount the amount as required under the Act and Regulations from time to time;
- The Company's liquidity position and future cash flow needs as mentioned in paragraph 1 (ii) ;
- Present and future capital requirements of the Company; and
- Stipulations/Covenants of agreements for loans/bank facilities.

## **4. Policy as to how the retained earnings shall be utilized:**

The Company may utilise the retained earnings for issue of fully paid bonus shares, buy back of shares, restructuring events including mergers and acquisitions, other general factors specified in this policy and for such other purposes as may be statutorily permissible.

## **5. Parameters that shall be adopted with regard to various classes of shares:**

The Company currently has only one class of shares, viz. equity, for which this Policy is applicable. The Policy is subject to review if and when the Company issues different classes of shares.

**6. The Policy shall not apply to:**

- Determination and declaring dividend on preference shares, if any, to be issued by the Company at a later date, shall be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, for instance- by issue of fully or partly paid bonus shares or other securities, shall be subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares

**7. Amendments to the Policy:**

This policy may be amended by the Managing Director of the Company at any time either suo motu and / or pursuant to amendments to the LODR Regulations or such other law, rules, regulations, standards, guidelines as applicable. If there is any amendment to the policy, this policy will be deemed to have been amended and such amendment will take effect from date of the approval of such amendment by the Board or the Managing Director.