



HMA
AGRO INDUSTRIES LTD.

HMA AGRO INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

(EFFECTIVE FROM AUGUST 26, 2022 AS APPROVED BY THE BOARD OF DIRECTOR IN THEIR MEETING HELD ON AUGUST 26, 2022)

1. Background and applicability

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” as amended (the “Listing Regulations”), it is mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on the market capitalization calculated as on March 31, every year.

The board of director (the Board”) of HMA Agro Industries Limited (the “Company”) has adopted and formulated Dividend Distribution Policy, in compliance with the Listing Regulations, and has uploaded the same on the Company’s website at www.hmagroup.co

The Policy is not an alternative to the decision of the Board for recommending/declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board. The Board may in extraordinary circumstances, deviate from the parameters listed in this Policy under which case the rationale for the same will be suitably disclosed. The Policy shall apply to the ordinary equity shares issued and outstanding and shall not apply to determination and declaration of dividend on preference shares or any other class of shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholder.

2. Objective

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. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

3. Types of Dividends

The Companies Act (“Act”) deals with two types of dividend - Interim and Final.

a) Interim Dividend

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit.

The Act authorizes the Board to declare interim dividend during any financial year out of the Profit’s for the financial year in which the dividend is sought to be declared and / or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

b) Final Dividend

Final dividend is recommended for the financial year at the time of approval of the Annual Financial Statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the company.

4. Financial Parameters and Internal and external factors that would be considered for declaration of dividend

The Company is committed to deliver sustainable value to its stakeholders.

Taking into consideration the aforementioned factors, the Board shall consider the following parameters for declaration of dividend:

- Distributable surplus available as per the Act and Regulations - The Company's liquidity position and future cash flow needs / working capital requirements
- Track record of Dividends distributed by the Company
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution.
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Cost of Servicing Outstanding debts
- Funds for Meeting Contingent liabilities
- Macroeconomic and business conditions in general
- Prudential requirements for cash conservation
- Dividend pay-out ratios of companies in similar industries
- Economic environment
- Capital restructuring, debt reduction, capitalization of shares
- Changes in Government policies and regulatory provisions
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

5. Circumstances under which shareholders may or may not expect dividend

The Dividend for any financial year shall normally be paid out of the Company profits for that year, as calculated in line with the applicable laws. The shareholders of the Company may not expect Dividend under the following circumstances: -

- Whenever it undertakes or proposes to undertake an expansion project requiring allocation of capital;
- In case of working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring allocation of capital;
- In the event of inadequacy of profits or whenever the Company has incurred losses;
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body;
- in case being prohibited to recommend/declare dividend by any regulatory body;

The Board shall consider the factors mentioned under Clause 4 above and before determination of any dividend payout, analyze the prospective opportunities and threats, viability of the option of dividend payout or retention etc. The Board shall not recommend dividend if they are of the opinion that it is financially not prudent to do so.

6. Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under: -

- a) Issue of fully paid-up bonus shares;
- b) Declaration of dividend - Interim or Final;
- c) Augmenting internal resources;
- d) Funding for Capex/expansion plans/acquisition;
- e) Long term strategic plans;
- f) Repayment of debt;
- g) Any other permitted use or the criteria as the Board may deem fit from time to time.

7. Dividend Payout

The Company will attempt to maintain a consistent dividend record to distribute a part of the profit to the shareholders. Subject to the other terms of this policy, the Board of Directors will endeavor to maintain a dividend payout upto 20% of the Net profit of the company. However, the decision of the dividend payment shall be based on the factors like strategic and long term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant as per this policy or as decided by the Board in this regard.

8. Procedure

Final dividend is declared at the Annual General Meeting (AGM) of the shareholders on the basis of recommendations of the Board. The Board may, at its discretion, also declare an interim dividend.

9. Parameters to be adopted with regard to various class of shares.

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably reviewed / amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

10. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company. The Company shall also make appropriate disclosures as required under the Listing Regulations.

11. Policy Review and Modifications

The Policy will be reviewed periodically by the Board. The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, the Regulations, etc.

12. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.