

Hemisphere Properties India Limited

CIN L70101DL2005GOI132162

DIVIDEND DISTRIBUTION POLICY

**As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015**

1. Background

Securities Exchange Board of India (SEBI) vide its notification dated 8th July, 2016 has inserted Regulations 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (second amendment) which requires top five hundred listed entities based on market capitalization (calculated as on 31st March of every year) to formulate a dividend distribution policy to be disclosed in its Annual Report and on its website. The objective of this policy is to provide clarity to the stakeholders of the company on the dividend distribution framework to be adopted by the company. The Regulation further provides that the dividend distribution policy shall include the following parameters:

- a. The circumstances under which the shareholders of the listed companies may or may not expect dividend;
- b. The financial parameters that shall be considered while declaring dividend;
- c. Internal and External factors that shall be considered for declaration of dividend;
- d. Policy as to how the retained earnings shall be utilized; and
- e. Parameters that shall be adopted with regard to various classes of shares.

The regulation also provide that if the listed entity proposes to declare dividend on the basis of parameters in addition to clause (a) to (e) above or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website. The listed entities other than top 500 listed based on market capitalization may disclose their dividend distribution policy on a voluntary basis in their annual reports and on their website.

The equity shares of Hemisphere Properties India Limited (HPIL) got listed on National Stock Exchange of India Limited (NSE) and BSE Ltd. on 22.10.2020. The company has framed the dividend distribution policy in compliance of regulation 43A of SEBI (LODR) regulations, 2015.

2. OBJECTIVE

The objective of this policy is to enhance the value of the company and its shareholders through regular dividend payout after balancing the requirement of immediate payout from profits, future growth plans and sustenance.

3. POLICY FRAMEWORK

The policy has been formulated in line with the provisions of the Companies Act, 2013, regulations issued by SEBI, Guidelines on Capital Restructuring of central public-sector Enterprise issued by Department of Investment and public asset management (DIPAM),

guidelines issued by ministry of finance/ministry of corporate affairs and other guidelines, to the extent applicable on the company. Any subsequent amendment in these provision would, ipso-facto, apply to this policy. The policy is not an alternative to the decision taken by the board regarding declaration/ recommendation of dividend after considering the various relevant factors.

4. DIVIDEND

The company may declare dividend/ interim dividend to its shareholders out of the profits arrived at in accordance with the provision as contained in the Companies Act, 2013 and with rules made thereunder.

The Board of directors of the company may declare interim dividend during the financial year. The company may declare final dividend, only once in a financial year, after preparation of annual financial statement in the annual general meeting. In case no final dividend is declared by the company, the interim dividend, if any, paid during the year, shall be considered as final dividend in the annual general meeting.

5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDER OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

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

- 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 resources;
- Whenever it undertakes any acquisitions or joint arrangements requiring significant allocation of resources.
- Significant higher working capital requirement affecting free cash flow and
- In case being prohibited to recommend/declare dividend by any regulatory body.

6. INTERNAL AND EXTERNAL FACTORS/ FINANCIAL PARAMETERS TO BE CONSIDERED BY THE BOARD FOR RECOMMENDING/ DECLARING DIVIDEND

(A) Internal Factors

a) Current year's earnings of the company:

Since dividend is directly linked with the availability of earnings, the magnitude of earnings will significantly impact the dividend declaration decision of the company.

b) Net Worth of the company

As per the extant guidelines issued by DIPAM, Govt. of India, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the Net worth, whichever is higher subject to maximum dividend permissible under the extant legal provisions, being a Govt. company, also required to comply with these guidelines or any subsequent modification thereto as may be issued from time to time

Apart from the above parameters, the company may also consider various other internal factors, which inter alia include:

- Present and Future requirements of the borrowings
- Debt Equity Ratio
- Capital Adequacy Ratio
- Tax
- Any other factor as deemed fit by the Board.

(B) External Factors

a) Economic Environment

In case of uncertain or recessionary economic and business conditions, the Company may retain part of its profits to build up reserves to meet these uncertainties/ recessionary trends in the economy.

b) Market Conditions/ Government Policies:

Market conditions with respect to availability of funds and its lending, cost of funds, Govt. monetary policies are the factors, which are to be considered while recommending dividend.

c) Statutory Provisions and Guidelines:

The Company shall observe the relevant laws including taxation laws, regulations and the guidelines issued by the Department of Investment and Public Asset Management (“DIPAM”) and the Administrative Ministry, Government of India as are applicable for the time being in force.

7. UTILIZATION OF RETAINED EARNINGS

The retained earnings shall be utilized in line with the objects of the company as mentioned in the Memorandum of Associations of the Company.

8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Policy would provide the guiding principle for the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated above or other factors as may be decided as relevant by the Board. However, declaration of

dividend on the basis of parameters in addition to the elements of this policy or resulting in amendment of any element of the Policy, in the interest of the company, will be disclosed in the Annual Report as well as on the website of the company.

The company has issued only one class of equity shares with equal voting rights. The Policy shall be suitably revisited if and when any new class of shares are issued, depending upon the nature and guidelines thereof.

9. MODIFICATIONS/ AMENDMENTS

The Chairman & Managing Director is authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall be in consonance with the provisions of the Regulation and other applicable laws.
