

HIKAL LIMITED - DIVIDEND DISTRIBUTION POLICY

The Board of Directors (the “**Board**”) of Hikal Limited (the “**Company**”), has adopted this Dividend Distribution Policy (“**Policy**”) in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is effective from financial year 2021-22.

This Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its distributable profits after retaining sufficient funds for its future growth initiatives and maintaining the financial soundness of the Company. This Policy lays down the guidelines to be considered by the Board of the Company in taking decision for recommending or declaring dividend to its shareholders.

GUIDELINES FOR DECLARATION / RECOMMENDATION OF DIVIDENDS

1. Statutory Requirements:

Dividend shall only be paid out of the profits of the Company for that year and/or out of the profits of the Company for any previous year, in compliance with the rules prescribed under the Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, or any other applicable laws or Financial covenants as may be stipulated by lenders of the Company.

2. Factors to be considered for declaration of Dividend:

The Board shall consider the following factors while declaring/ recommending dividend:

a) Financial Factors - Income, liquidity and profitability parameters such as quantum of profits earned by the Company, current and future cash flow requirements, working capital and capital expenditure requirements, providing for unforeseen events and contingencies, obligations to creditors and such other financial parameters as it may deem fit in the interest of the financial health of the Company.

b) Internal/External Factors - Internal factors include in particular business expansion plan, investment plans or any other strategic priorities as well as elements related to the nature of dividend paid by the Company in previous years or restrictive covenants in agreements entered into by the Company. External factors include prevailing economic environment, change in taxation laws, market conditions or competition intensity or any other external factors which may have material financial implications on the Company.

c) Manner of utilization of retained earnings - The Company may use retained earnings for all activities as the Board may deem fit, including but not limited to strategic and long term plans of the Company, growth opportunities available to the Company, issue of bonus shares, buy back of shares or to maintain dividend pay-out in accordance with the criteria set forth in this Policy.

d) Discretion of the Board: The Board may not recommend or declare dividend if it is of the opinion that it is financially not prudent to do so.

3. Interim Dividend:

The Board of Directors may declare interim dividend during any financial year of out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

4. Parameters to be applied for other securities:

This Policy does not apply to the preference shares, if any, issued or to be issued by the Company. Presently, the Company has only one class of shares i.e. equity shares. As and when it proposes to issue any other class of shares, this Policy shall be modified accordingly.

5. Amendments:

The Board may amend, modify or review this policy in whole or in part, as it may be considered necessary.

6. Publication of the Policy:

This Policy shall be published in the Annual Report and displayed on the Company's website.