

# HOTEL POLO TOWERS LIMITED

## DIVIDEND DISTRIBUTION POLICY

### 1. BACKGROUND

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires the top one thousand listed companies by market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy (“**Policy**”).

Although the Company is presently not under such mandatory requirement, in the interest of adhering to best corporate governance practices and to comply with the Listing Regulations as and when applicable, **Hotel Polo Towers Limited** (“Company”) frames this Policy. The Board of Directors of the Company (“Board”) has adopted this Policy at its meeting held on **18<sup>th</sup> day of September, 2025**. This Policy is effective from the date of its adoption by the Board.

### 2. LEGAL FRAMEWORK

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being (“**Act**”) in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), such other applicable provisions of law. As per Regulation 43A of the SEBI Listing Regulations, the top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy which shall be disclosed on the website of the ~~the~~ entity and a web-link shall also be provided in their annual reports.

The Dividend Distribution Policy shall include the following parameters:

- a. The circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. The financial parameters that shall be considered while declaring dividends;
- 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.

In case the listed entity proposes to declare dividend on the basis of parameters in addition the clauses (a) to or proposes to change such additional parameters or the 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. Listed entities other than the top 500 listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

### 3. DEFINITIONS

- a. **“Act”** means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- b. **“SEBI Listing Regulations”** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- c. **“Dividend”** is as defined under Section 2(35) of the Companies Act, 2013.
- d. **Free Reserves** are as defined under Section 2(43) of the Companies Act, 2013.
- e. **“Applicable Law”** means the Act, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996, or any other law or act as may be applicable.

Words and expressions used but not defined in this Policy but defined in any Applicable Law shall have the same meaning respectively assigned to them in such Applicable Law.

### 4. OBJECTIVE

The Policy establishes the guiding principles for determining the amounts that can be distributed as dividend to the equity shareholders, while ensuring that the Company maintains an appropriate balance between rewarding shareholders and retaining earnings to meet future business needs.

### 5. APPLICABILITY

The Policy applies to dividends declared or recommended on the equity shares of the Company having face value of Rs. 2/- each. The Company currently has no other class of shares.

Dividends will generally be recommended once a year after by the Board after the announcement of the full year results and before the Annual General Meeting (**“AGM”**) as may be permitted by the Companies Act, 2013 (**“Companies Act”**). The Board may also declare interim dividends when considered appropriate.

### 6. DIVIDEND PAYOUT PHILOSOPHY

Subject to the provisions of the applicable law, the dividend payout of the Company will be determined after considering financial resources, expansion plans, business requirements and optimal shareholder return.

## 7. KEY CONSIDERATIONS

While determining the nature and quantum of the dividend payout, the Board would consider the following factors:

- Internal Factors:

- i. Distributable surplus available as per the Companies Act and the Listing Regulations,
- ii. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a. Previous years and
  - b. Internal budgets,
- iii. Liquidity and cash flow position
- iv. Accumulated reserves,
- v. Earnings stability,
- vi. Future cash requirements for organic growth/ and/or for inorganic growth,
- vii. Acquisitions, (if any),
- viii. Current and future leverage and, contingent liabilities,
- ix. Deployment of funds in short term marketable investments,
- x. Long term investments,
- xi. Capital expenditure requirements
- xii. The ratio of debt to equity (at net debt and gross debt level), and
- xiii. Debt covenants under the Company's financing agreements pertaining to dividend declaration, if any.

- External Factors:

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes, including tax on dividend (if any),
- v. Industry outlook for the future years,
- vi. Inflation rate,
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions, and
- viii. Any other factors as deemed fit by the Board.

- Other Considerations
- Past dividend track record
- Shareholders' expectations
- Special dividend in case of extra ordinary profits or onetime gains.

## **8. DECLARATION AND PAYMENT OF DIVIDEND**

- (a) As per Section 123 of the Companies Act, 2013 Dividend (other than interim dividend), for a financial year shall be paid after the annual financial statements of the Company are finalized and the distributable profits are available.
- (b) The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 127 of the Companies Act, 2013.

Pursuant to the provisions of Section 123 of the Companies Act, 2013, dividend shall be declared:

- (a) out of the profits of the Company for that year arrived after providing for depreciation in accordance with the provisions of the Act;
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b)

## **9. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

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

- Proposed expansion plans, renovations and up-gradations requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamations, merger, joint ventures, new launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Debt obligations
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit
- Legal restrictions on dividend payments
- Lender imposed covenants

## **10. UTILIZATION OF RETAINED EARNINGS**

Subject to the applicable laws, the retained earnings of the Company may be deployed for: -

- i. Working Capital Requirements,
- ii. Organic and/ or inorganic growth opportunities,
- iii. Investment in new business(es) and/or additional investment in existing business(es),

- iv. Declaration of dividend,
- v. Capitalization of shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Strengthening the capital structure,
- ix. Any other permitted usage as per the Companies Act.

## **11. MODIFICATIONS/ DEVIATIONS TO THE POLICY**

The Chairman is authorized to approve any minor modifications/ deviations to the Policy and will be the competent authority for any interpretation regarding the Policy. The modifications in the Policy, if any, authorized by the Chairman, shall be placed at the ensuing/ next meeting of the Board of Directors for noting/ ratification. However, any major modifications to the policy shall be approved by the Board of Directors.

## **12. REVIEW AND DISCLOSURE**

In case of any conflict between this Policy and the provisions contained in the Companies Act and / or the Listing Regulations, the Companies Act and / or the Listing Regulations shall prevail.

This Policy shall be reviewed periodically by the Board and can be amended if required by the Board of Directors.

This Policy shall be

1. Disclosed on the Company's website at [www.hotelpolotowers.com](http://www.hotelpolotowers.com)
2. Disclosed in the Annual Report of the Company.

## **13. DISCLAIMER**

This Policy does not constitute an offer, invitation, or solicitation to invest in the securities of the Company. It should not be interpreted as a guarantee of dividend distribution or returns.

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