Dividend Distribution Policy

[Effective Date: 25.07.2026]

1. PREFACE

Normally Companies distribute a portion of profit to the shareholders in form of dividend and the balance amount of profit is ploughed back as retained earnings. The Board of Directors has the authority to declare both Interim dividend during the financial year and final dividend. As per the Board's recommendation, dividend is approved by the Shareholders at the Annual General Meeting. Thus, the dividend policy of a Company is the strategy followed to decide the quantum of dividends and the timing of the payments.

2. PURPOSE

The primary purpose of this policy is to outline the framework and criteria a company uses to balance rewarding its shareholders and retaining sufficient earnings for future business growth. It provides predictability for investors and sets transparency on how profits are allocated.

3. APPLICABILITY

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the **top 1000 listed Companies** based on the market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed on their website and a weblink shall also be provided in their annual reports. It makes it optional for the other listed Companies to disclose their dividend distribution policy on a voluntary basis.

In line with the company's proactive pursuit of good corporate governance practices, the Board of Directors of the Company have voluntarily adopted this policy at their meeting held on 25th July, 2026.

4. DEFINITION

The definitions of some of the key terms used in this Policy are given below.

I. "Act" means the Companies Act, 2013, as amended from time to time and shall include Rules, Regulations and Secretarial Standards made thereunder or pursuant thereto.

II. "Applicable Laws" means the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other act, rules or regulations dealing with or regulating the distribution of dividend and as amended from time to time.

III. "Board" means the board of directors of HEB.

IV. "Director(s)" means a director of the Board.

V. "Dividend" includes any interim dividend.

VI. "Policy" or "this Policy" means this Dividend Distribution Policy.

VII. "Free Reserves" means reserves (that includes retained earnings) as per the current audited balance sheet of the Company, that are available for distribution as dividend and does not include revaluation reserves, specific purpose reserves that are not meant to be used for General corporate purposes.

VIII. "LODR" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars or clarifications issued thereunder and as amended from time to time.

5. OBJECTIVES

(a) This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for its growth and sustainability.

(b) Through this policy, the Company endeavors to maintain fairness and consistency while considering dividend distribution to the shareholders.

(c) The Policy sets out the circumstances and diverse factors for consideration by the Board while taking a decision on distribution or retention of profits.

(d) The Policy is not an alternative to or restraint on the powers of the Board for recommending dividend, which is made by the Board on each occasion upon taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered appropriate by the Board.

(e) This Policy is subject to and in accordance with the provisions of applicable Laws.

6. POLICY DETAILS & PROCEDURES

6.1. PARAMETERS TO BE CONSIDERED FOR DIVIDEND DECLARATION

A. The Company's dividend payout will be determined by the Board from time to time based on the operating and financial performance of the company, available financial resources, investment requirement, debt servicing obligation, working capital needs and other factors more fully described hereunder.

B. The Board will consider the following parameters while recommending/ declaring dividend:

6.1.1. FINANCIAL PARAMETERS/ INTERNAL FACTORS

- Profit after tax for the year adjusted for exceptional income and income of non-recurring nature.
- Free cash flows and adjustment for exceptional/ one-off items.
- Transfer of profits to specific reserves under statute or contractual obligations.
- Working capital requirement based on business cycle, stock build up under Government policies.
- Growth plans, both organic and inorganic.
- Capex requirement in the near term.
- Debt servicing including accelerated payments.
- Covenants under loan agreements for term debts and working capital borrowings.
- Crystallization of contingent liabilities.

- Tax demands and litigation outcome.
- Trend of dividend paid in the past years.
- Dividend payout ratios of other companies of comparable nature - in the industry and in the region.

6.1.2. EXTERNAL FACTORS

- Macro-economic conditions, both domestic and global.
- Changes in Government policy and regulatory provisions.
- Taxes such as dividend distribution tax that are applicable from time to time.
- Cost of funds from alternative sources.

6.2. CIRCUMSTANCES WHEN SHAREHOLDERS MAY NOT EXPECT DIVIDEND

- In the event of loss or inadequacy of profits and set-off of past losses.

- Any other business factors having a likely adverse impact in the coming year, even though the company has earned profits during current year.

- When there are regulatory restrictions imposed upon the company.

- Due to Recessionary or uncertain economic/ business conditions warranting higher reduction of profits, to be able to absorb the impending shocks.

- When Buy-back of securities is proposed.

6.3. UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Long term strategic plans;
- Expansion, Modernization and Diversification plans;
- Balancing the Capital Structure by de-leveraging the company;
- Such other criteria as the Board may deem fit and proper, from time to time.

6.4. DIVIDEND PAYOUT

- Subject to the caveats hereinabove, the Board shall endeavor that the dividend amount in every financial year will be stable and sustainable.

- The Board shall strive to maintain a dividend payout ratio in the range of 12% to 15% of Profit After Tax (PAT) for the year towards distribution as Dividend (inclusive of tax outgo thereon, if any) to the shareholders of the Company.

- In case of a lower dividend payout for any given financial year, the Board will provide a rationale therefor in the Annual Report.

- The Board shall take the dividend decision for a year, normally when it considers and approves the Annual Financial Statements. This is called “final dividend” that is subject to the shareholders’ approval in the Annual General Meeting of the Company.

- The Board shall also have the power to declare interim dividend for a financial year, before or after the close of that financial year.

- The Board shall also have the power to propose or declare special dividend on special occasions such as golden/platinum jubilee in its sole discretion.

6.5. DISCLOSURES

The Policy, as amended from time to time, will be hosted on the company website - https://www.highenergy.co.in/.

6.6. DISCLAIMER

A. The Policy does not constitute a commitment for future dividends but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in a year. The Board expressly reserves the right to depart from the policy as and when circumstances so warrant.

B. Given the inherent uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in this Policy.

7. REVIEW AND AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the statutory provisions and remains effective. This Policy shall be reviewed periodically and may be amended by the Board, as may be deemed fit and necessary. On any amendment of the Policy, the same will be notified and published on the Company's website.

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