

HIGHNESSTM

One of a kind

DIVIDEND DISTRIBUTION POLICY

HIGHNESS MICROELECTRONICS LTD.

URL: www.highnessmicro.com, Email: info@highnessmicro.com

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Securities and Exchange Board of India (SEBI) has mandated certain categories of Listed Companies to formulate a Dividend Distribution Policy ('Policy'). This Policy is in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. OBJECTIVE

One of the ways to reward a shareholder is by distributing portion of Company's earnings in the form of dividend. Besides capital appreciation, an investor expects a consistent cash inflow in the form of dividend. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for the declaration of Dividend from time to time and the Policy shall be disclosed on the website of the Company in accordance with the SEBI Listing Regulations.

3. DEFINITIONS

Unless repugnant to the context:

"Act" shall mean the Companies Act, 2013 including the Rules made thereunder.

"Company" shall mean Highness Microelectronics Limited (formerly known as Highness Microelectronics Private Limited).

"Board" or "Board of Directors" shall mean Board of Directors of the Company.

"Dividend" shall mean Dividend as defined under the Companies Act, 2013

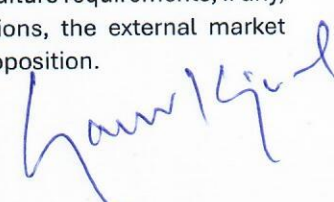
"SEBI Listing Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

4. REGULATORY FRAMEWORK

The Companies Act, 2013 provides for regulation, recommendation, declaration and payment of dividend, subject to approval of the Board (interim) / Shareholders (final).

5. FACTORS FOR CONSIDERING DIVIDEND

The Board of Directors of the Company ("the Board") may consider inter-alia the following factors viz., our Company's profits, past dividend trends, capital requirements, financial commitments, including restrictive covenants under the loan or financing documents that our Company is currently a party to or may enter into from time to time, and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board, the financial performance of the Company, the past dividend trends, the liquidity position of the Company, capital expenditure requirements, if any, business expansions (including acquisitions) if any, debt obligations, the external market conditions, the future potential etc., before considering dividend proposition.



The Company will endeavour to maintain the dividend track record subject to the factors which the Board might appropriately consider at that point in time. When the performance of the company coupled with the market conditions are conducive/ favourable, the Board may consider declaring interim dividends too.

In order to conserve resources, the Board may consider recommending a lesser rate of dividend (as compared to earlier years). The retained earnings of the company can be inter-alia utilized for capex, working capital requirement, investment in growth opportunities as deemed fit by the Board at an appropriate time. The retained earnings may also be utilized for payment of dividend in subsequent years, or other permitted means of rewarding the shareholders.

In a year where the profits of the company are inadequate or there is a loss, the Company would like to utilize the reserves judiciously and the Board may not consider payment of dividend as a viable proposition. Alternatively, in such a scenario the Board might consider declaring dividends, out of the Free Reserves or the accumulated profits and the dividend payment track record is maintained. The amounts paid as dividend in the past do not necessarily indicate the dividend to be paid in the future and so the rate and the amount of dividend may vary from time to time.

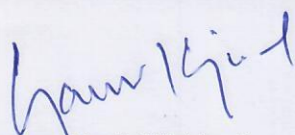
6. PROVISION REGARDING CLASS OF SHARES

Currently, the Company has issued only Equity Shares and this Policy shall be made applicable only to Equity Shares. As and when the Company issues other kinds of shares, the Policy shall be amended accordingly.

7. REVIEW / AMENDMENT

The Board shall review and amend the policy periodically as may be deemed necessary, keeping in view the business environment, the performance of the Company, regulatory requirements and other relevant external factors. In case of any change/amendment in applicable statutes/regulations, the Policy shall stand revised to the extent thereto.

**For and on behalf of
HIGHNESS MICROELECTRONICS LIMITED**


**Gaurav Manjul Kejriwal
Managing Director**

