DIVIDEND DISTRIBUTION POLICY

Approved by the Board on 11 December, 2023

1. Background

The Dividend Distribution Policy ("Policy") is formulated by **AVP Infracon Limited** ("the **Company**"), in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and shall acts as a guidance to the Board/Company during recommendation/declaration of Dividends.

2. Objective

The establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration/recommendation of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company, including interim dividend and final dividend.

3. Parameters to be considered for declaration of Dividend

The Board of Directors of the Company will consider the following parameters while recommending / declaring Dividend:

3.1. Financial Parameters / Internal Factors:

1. Standalone / net operating profit after tax;
2. Operating cash flow of the Company for the year.
3. Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position, etc.
4. Loan repayment and Working capital requirements;
5. Capital expenditure requirements;
6. Resources required for funding acquisitions, mergers and / or new businesses;
7. Cash flow required for meeting tax demands and other contingencies;
8. Regulatory (and growth requirement of) Capital Adequacy;
9. Regulatory (and growth requirement of) Solvency;
10. Trend of dividends paid in the past years;
11. Dividend receipt from subsidiaries;
12. Any windfall, extra-ordinary or abnormal gains made by the Company and
13. Any other factor not explicitly covered above but which is likely to have asignificant impact on the Company.

3.2. External Factors:

1. Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting standards;
2. Dividend pay-out ratios of companies in the same industry.
3. Any other factor that has a significant influence / impact on the Company's working / financial position of the Company

The Board of Directors may additionally recommend special dividend in special circumstances.

4. Circumstances under which the shareholders may not expect Dividend

The shareholders of the Company may not expect Dividend under the following

circumstances:

4.1 In the event of inadequacy of profits or whenever the Company has incurredlosses;

4.2 Significant cash flow requirements towards higher working capital requirements /tax demands / or others, adversely impacting free cash flows;

4.3 An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;

4.4 Allocation of cash required for buy-back of securities and

4.5 Any of the above referred internal or external factors restraining the Companyfrom considering dividend.

4.6 In any other circumstances where the Board, in its judgment, determines the declaration of dividends to not be in the best interests of the Company and the Shareholders.

5. Utilization of retained earnings

The Company may declare Dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this policy. Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure / acquisition(s) and for all other corporate purposes.

6. Parameters to be adopted with regard to various classes of shares

At present, the authorized, issued, subscribed and paid-up share capital of the Company comprises only of equity shares.

Currently, the Company has issued one class of equity shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this policy.

7. Procedure

7.1 The dividend proposal placed before the Board for consideration shall be in terms of this policy.

7.2 The Company shall ensure compliance of provisions of applicable Laws and this policy in relation to Dividend declared by the Company.

8. Disclosure

The Company shall make appropriate disclosures as required under the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.