

## **DIVIDEND DISTRIBUTION POLICY**

**Pursuant to Regulation 43A of Securities and Exchange Board of India**

**(Listing Obligations and Disclosure Requirements) Regulations, 2015**

### **1. PREAMBLE**

The Securities and Exchange Board of India ("SEBI") vide its Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, has amended Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") mandating to formulate a Dividend Distribution Policy ("the Policy") by the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year.

### **2. FORMULATION OF THIS POLICY**

Hindustan Composites Limited ("the Company"), being among the top 1000 Listed entities based on the market capitalization as on March 31, 2021, the Board of Directors of the Company in compliance with the amended provisions of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, has adopted this policy in its meeting held on May 26, 2021.

### **3. OBJECTIVE**

The objective of this Policy is to lay down a broad framework to be considered by the Board of Directors of the Company while declaring or recommending payment of dividend to its shareholders from time to time.

### **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** Whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher capital allocation;
- 4.2** Significantly higher working capital requirements adversely impacting the free cash flow of the Company;
- 4.3** Whenever the Company undertakes any acquisition or joint venture requiring significant capital allocation;
- 4.4** Whenever the Company proposes to utilise surplus cash for buy-back of its own securities;  
or
- 4.5** In the event of inadequacy of profits or the Company has incurred losses.

### **5. GUIDELINES FOR DISTRIBUTION OF DIVIDEND**

- 5.1** The Company shall pay dividend (including interim dividend, if any) in compliance with the provisions of Section 123 of Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, Listing Regulations and all other applicable laws governing



dividends and the Articles of Association of the Company, as in force and as amended from time to time.

**5.2.** In case of sufficient reasonable profits during any Financial Year, the Board may endeavour to declare dividend and in case of inadequacy of profits in any Financial Year, the Board may declare dividend after considering various financial parameters and other circumstances or the Board may decide to conserve profits of the Company and not recommend any dividend if it is of opinion that it is not financially prudent to do so.

**5.3** The Company shall pay dividend to its shareholders after taking into consideration, the various financial parameters and internal and external factors as under:

- a. Performance of the Company in terms of the Standalone and Consolidated net profits earned by the Company during any financial year and its liquidity position ;
- b. After taking into consideration the near term investment plans of the Company including maintenance capex and working capital needs, diversification, expansion, acquisitions, etc.;
- c. The status of outstanding borrowings of the Company, if any;
- d. The prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable Laws including tax laws;
- e. The said payout shall be made after taking into consideration the prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution.

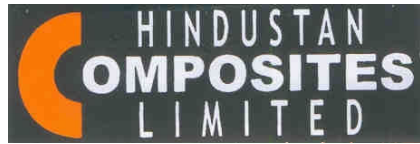
## **6. UTILIZATION OF RETAINED EARNINGS**

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure,
- ii. Working capital,
- iii. Organic and/ or inorganic growth,
- iv. Investment in new business(es) and/or additional investment in existing business(es),
- v. Declaration of dividend,
- vi. Capitalisation by way of issue of bonus shares,
- vii. Buy back of shares,
- viii. General corporate purposes, including contingencies,
- ix. Correcting the capital structure,
- x. any other specific purpose, as may be approved by the Board of Directors of the Company from time to time.

## **7. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES**

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.



## **8. AMENDMENTS**

**8.1** This Policy shall be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

**8.2** In case after any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, any of the provisions of this policy becomes inconsistent with the then amended provisions, such amendment(s), clarification(s), circular(s) etc. shall prevail over the provisions laid down under this Policy.

## **9. DISCLOSURE**

The policy shall be hosted on the website of the Company viz. [www.hindcompo.com](http://www.hindcompo.com) and web-link shall be provided in annual reports of the Company.