



**HINDUSTAN FOODS LIMITED**

# DIVIDEND DISTRIBUTION POLICY





## Dividend Distribution Policy

### 1. Background and applicability

The Securities and Exchange Board of India (SEBI), vide its Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A thereby mandating the top five hundred listed entities (based on their market capitalization as on the 31st day of March of every year) to formulate a Dividend Distribution Policy and to disclose such policy in the Annual Report of the Company and on the Company's website.

The Board of Directors ("**Board**") of Hindustan Foods Limited ("**Company**") lay down a broad framework for decisions to be made with regard to distribution of dividend to the Shareholders and retaining of profits in this Dividend Distribution Policy and has adopted this Dividend Distribution Policy to comply with these requirements.

The Company currently has two classes of shares, viz. listed equity for which this policy is applicable and unlisted Redeemable Preference Shares, which is not covered in this policy as the Dividend on Preference Shares is as per the pre-determined rate of dividend approved by the Shareholder's while issuing the Preference shares. The policy is subject to review if and when the Company issues different classes of shares.

The power to recommend dividend rests with the Board of Directors of the Company. The Board may recommend dividend based on considerations enumerated hereunder or other factors as the Board considers appropriate. This policy shall not be a substitute for the decision of the Board for recommending dividend. The Board retains complete discretion for recommending of dividend as it may appropriate

### 2. Dividend distribution philosophy

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### 3. Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.





#### **4. Circumstances under which shareholders can expect Dividend**

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year. The priority of Dividend will be to the Preference Shares over Equity Shares, if declared, as per the agreed rate of dividend on Preference Shares and thereafter the Board will consider and declare Dividend on Equity Shares.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

#### **5. Interim and Final Dividend**

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchange, as required by Listing Regulations.

#### **6. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:**

- Distributable surplus available as per the Act and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Payout ratios of comparable companies
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Plans for additional investments in subsidiaries/ associates
- Strategy for investments into additional Businesses
- Cost and availability of alternative sources of financing
- Stipulations/ Covenants of loan agreements
- Macroeconomic and business conditions in general
- Providing for unforeseen events and contingencies with financial implications
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend



## 7. **Utilisation of retained earnings**

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend to Preference Shares in future
- Payment of Dividend to equity shares in future years
- Issue of Bonus shares
- Any other permissible purpose

## 8. **Modification of the Policy**

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

## 9. **Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.