



Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited)

CIN: L27106WB1987PLC042756

DIVIDEND DISTRIBUTION POLICY

(Approved and adopted by the Board of Directors in the meeting held on 29 May 2018)





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1. PREAMBLE

- 1.1 Pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015, the top five hundred listed companies based on market capitalization (calculated as on March 31 of every financial year) shall require to formulate a dividend distribution policy which shall be disclosed in their annual report and on their website. Since the company has been included in the list of top five hundred companies as on March 31, 2018, the Board of Directors (the "Board") of Himadri Speciality Chemical Ltd (the "Company") at its' meeting held on 29th May 2018 has adopted the "Dividend Distribution Policy" of the Company.
- 1.2 The Dividend Distribution Policy (hereinafter referred to as the Policy") have been developed in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- 1.3 Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend.

2. EFFECTIVE DATE

The Policy shall become effective from the date of its approval by the Board i.e. 29th May 2018;

3. DEFINITIONS: UNLESS REPUGNANT TO THE CONTEXT

"Act" shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

"Applicable Laws" shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

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

"Company" shall mean Himadri Speciality Chemical Ltd (Formerly Known as Himadri Chemicals & Industries Limited)

"Dividend" shall mean Dividend as defined in Section 2(35) of the Companies Act, 2013.

"Key Managerial Personnel" shall mean Key Managerial Personnel as defined in Section 2(51) of the Companies Act, 2013

"Senior Management" shall mean officers/ personnel of the listed entity who are members of its' Core Management Team excluding board of directors, normally this shall comprise of all members of the management one level below the executive directors, including functional head [Regulation 16(1) (d) of the SEBI (LODR) Regulations, 2015]

"Policy or this Policy" shall mean the Dividend Distribution Policy.

"Rules" shall mean Companies (Declaration and payment of Dividend) Rules, 2014





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“SEBI 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 modification(s) or re-enactment(s) thereof for the time being in force.

“Subsidiary” shall mean Subsidiary of the Company as defined in Section 2987) of the Companies Act, 2013.

4. PURPOSE, OBJECTIVES AND SCOPE

- 4.1 The Securities and Exchange Board of India (“SEBI”) vide its Gazette Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.
- 4.2 As the Company is one of the top five hundred companies as on 31 March 2018, the Board has laid down a broad framework for distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.
- 4.3 Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in an amendment of any element or the Policy will be regarded as a deviation.
- 4.4 The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for further growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years.

5. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

5.1 Financial Parameters

The Board of Directors may consider the following financial parameters while recommending any payment of dividend to the Shareholders subject to the approval of the Shareholders:-

- The working Capital requirement;
- The requirement of capital expenditure;
- Quantum of consolidated Net Profit after Tax;
- Fund required for acquisition or new line of business/product diversification;
- Contingency requirement of funds;
- Requirement of funds for payment / repayment/pre-payment of any outstanding borrowings;
- Consideration of past dividend track record;
- Considering legal requirements, regulatory conditions or restrictions as prescribed under the applicable law rules and regulations including Taxation laws;
- The pay-out ratio of the Companies in the same industry.





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5.2 Proposals for major capital expenditures

The Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of the capital asset including any major sustenance, improvement and growth proposals.

5.3 Agreements with lending institutions/ Bondholders/Debenture Trustees

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

5.4 Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

6. INTERNAL & EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR THE DECLARATION OF DIVIDEND

The Board of Directors will consider the various internal and external factors while recommending any payment of Dividend:-

- Past dividend trend;
- Cash flow from Operations;
- Consistency and stability in earnings;
- Future fund requirement for inorganic growth plan and Investment Opportunities including any investments in subsidiaries/associates of the Company;
- Leverage of profits and capital adequacy matrix;
- An Outlook of Industry, Business Cycle for the underline business;
- Economic growth and regulatory environment;
- Contingent liabilities;
- Buy-back plan for alternate to the distribution of profit; and
- Any other factor as deemed fit by the Board.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED COMPANY MAY OR MAY NOT EXPECT THE DIVIDEND

The Shareholders of the Company may not expect the dividend under the following circumstances:-

- Whenever the fund requires for a significant expansion of the project requiring more allocation of capital;
- The requirement of significantly more working capital due to higher capacity utilisation or any other factor which may adversely impact the Cash flow of the Company;
- Proposed to undertake any acquisition, merger, amalgamation or Joint Venture as this may require allocation of additional capital expenditure;
- If Company proposes to utilise its accumulated surplus for buy-back of securities;





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- Circumstances under which Company has incurred losses or there is any inadequacy of Profit;
- In the performance of any covenant imposed by any of the financial institution, Bank or any Investor/ Investor Group.

8. MANNER OF DIVIDEND PAYOUT

8.1 The given below is a summary of the process of declaration and payment of dividends and is subject to applicable regulations.

8.2 In case of final dividend

- a. The recommendation, if any, shall be done by the Board, usually in the Board Meeting that considers and approves the annual financial statements, subject to the approval of the shareholders of the Company.
- b. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
- c. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

8.3 In case of interim dividend

- a. Interim dividend, if any, shall be declared by the Board.
- b. Before declaring an interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- c. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
- d. In case no final dividend is declared, an interim dividend paid during the year, if any, will be regarded as the final dividend in the annual general meeting.

9. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILISED

The Company may declare dividend out of the profits of the Company for the current year or out of the profits of any previous years and out of the free reserves available for distribution of dividend subject to the fulfilment of the conditions and criteria as laid down in this policy.

10. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of Share (Equity Shares), hence the policy is applicable to only the equity shares of the Company. If the Company in future issues any other class of securities which may be entitled for the dividend, this policy would be revised and amended by the Board considering the factors affecting the new class of Shares.





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11. APPLICABILITY OF THE POLICY

11.1 The Policy shall not apply to

- Determination and declaring the dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, i.e. by an issue of fully or partly paid bonus shares or other securities, subject to applicable law
- Distribution of cash as an alternative to payment of the dividend by way of buyback of equity shares

12. REPORTING AND DISCLOSURE

As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website and the Annual report.

13. REVIEW OF THE POLICY/ MODIFICATION

13.1 This Policy shall be subject to modification and amendments pursuant to any further guidelines / certifications as may be issued by regulatory authority/(ies) (SEBI/ MCA) from time to time and the Board of Directors may amend or modify the policy as may be deemed necessary pursuant to those guidelines.

14. COMPLIANCE RESPONSIBILITY

Compliance with this Policy shall be the responsibility of the Senior Management of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

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