



HERITAGE FOODS LIMITED

Policy on Dividend Distribution

HERITAGE FOODS LTD

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Dividend Distribution Policy

1. Objective

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.;

2. Philosophy

The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

3. Regulatory Framework

The Securities Exchange Board of India (“SEBI”) on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top 500 listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Heritage Foods Limited being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Definitions

- **“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.
- **“Listed Entity or Company or Heritage”** shall mean Heritage Foods Limited.
- **“Chairman”** shall mean the Chairman of the Board of Directors of the Company.
- **“Compliance Officer”** shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **“Board” or “Board of Directors”** shall mean Board of Directors of the Company.
- **“Dividend”** shall mean Dividend as defined under Companies Act, 2013.
- **“VC&MD & ED”** shall mean Vice Chairperson and Managing Director and Executive Director of the Company.

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- **“Policy or this Policy”** shall mean the Dividend Distribution Policy.
- **“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.
- **“Stock Exchange”** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

5. Parameters for declaration of Dividend

In line with the philosophy stated above in Clause 2, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

A. Financial Parameters / Internal Factors :

The Board of Directors of the Company would consider the following financial parameters before recommending dividend to shareholders:

- a. Operating cash flow of the Company
- b. Profit earned during the year
- c. Profit available for distribution
- d. Working capital requirements
- e. Capital expenditure requirement
- f. Business expansion and growth
- g. Up gradation of technology and physical infrastructure
- h. Cost of Borrowing
- i. Past dividend payout ratio / trends

B. External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- a. Economic environment
- b. Capital markets
- c. Statutory provisions and guidelines

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C. Circumstances under which the shareholders may or may not expect Dividend

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

- Proposed expansion plans requiring higher capital allocation
- Significantly higher working capital requirements adversely impacting free cash flow;
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which require significant capital outflow;
- Whenever it proposes to utilize surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

D. Utilization of retained earnings:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Replacement of capital assets
- Dividend payment
- Issue of Bonus shares
- Such other criteria's as the Board may deem fit from time to time.

E. Parameters adopted with regard to various classes of shares:

- Presently, the Authorised Share Capital of the Company is divided into equity share of Re.10 each and Preference shares of Rs. 10 each. At present, the issued and paid-up share capital of the Company comprises only equity shares and the dividend would be declared on equity shares.
- As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6. Procedure

- The VC&MD & ED of the Company shall propose any amount to be declared/recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

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7 Disclosure:

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.heritagefoods.in

8 General

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.
