

DIVIDEND DISTRIBUTION POLICY

The Board of Directors of the Company Haryana Leather Chemicals Limited frames this policy to comply with the requirements pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Philosophy

The philosophy and policy of the Company is to maximize the shareholders' wealth in the Company through various means and distribution of surplus profits in the form of dividend is one of the most priority means. The Company is consistent in paying dividend over the years since financial year 2005-06. However in some of the years, when the Company decided to retain its entire profit to meet up the capital expenditure to meet expansion needs, working capital requirements, reducing debt from its books of accounts and also earmarking general reserves for growth opportunities and responsibilities toward Company.

The Company believes that running growth will maximize shareholder value and wealth creation. Thus, the Company would first utilize its profits and reserves for working capital requirements, capital expenditure to meet expansion needs, and thereafter distribute the surplus profits in the form of dividend to the shareholders.

2. Dividend Distribution

Dividend including Interim Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for 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.

The Board of Directors will take into account the trend of Company's profitability and requirement of funds to meet up its short term and long term capital requirements and sustainable growth.

3. Parameters to be Considered for declaration of Dividend

The Board of Directors will consider and recommend the following parameters, internal and external factors in deciding quantum of dividend to be paid in each of the financial year -



3.1. Internal Factors:

- Distributable surplus available as per the Act and Regulations,
- Fund Flow position of the Company including Working Capital requirements and debt servicing obligations.
- Current and Future Cash Flow requirements.
- Company's long term growth strategy which requires to conserve funds in the Company to execute the growth plan.
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

3.2. External Factors:

- Prevailing Taxation Policy or any amendments in respect of dividend,
- Finance Cost,
- Stipulations/ Covenants of loan agreements,
- Government regulations,
- Domestic Demand Conditions, Consumer behavior,
- Business conditions in general

4. Utilization of Retained Earnings

Subject to applicable regulations, the Company's retained earnings shall be applied For increase in 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:

- Funding working capital
- Long term strategic plans
- Increase in production capacity
- Market expansion plan
- Product expansion and Modernization plan
- Diversification of business
- Replacement of capital assets
- Buyback of shares subject to applicable limits
- Issue of Bonus Shares
- Other such criteria as the Board may deem fit from time to time.



5. Circumstances for Non- Payment of Dividend

The Company will strive to pay dividend out of retained profits in case of any shortfall to meet the adequacy of the quantum dividend or in case of lower profit or no profit situation of the company in any of the financial years. Otherwise the Company will reward the shareholders by way of bonus shares as and when the Board of Directors deem desirable.

Even under such circumstances, the Board may at its own discretion, and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

6. Multiple Classes of Shares

Presently, the Company has only one class of shares i.e. Equity Shares. However, in case Company issue different class of equity shares any point in time, the parameters of the dividend distribution policy will be addressed appropriately.

7. Policy Review

The Board of Directors may review this policy periodically, by taking into account the as per any regulatory amendments, domestic and global economic conditions, Company's growth and investment plans and financial position, etc.

8. Website

The policy shall be disclosed on the website of the Company.

9. Effective Date

This policy has been approved and adopted by the Board of Directors and shall become effective from the date of Board Meeting viz.25.06.2021.

10. 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.

