

## **DIVIDEND DISTRIBUTION POLICY**

### **Objective**

The objective of this Policy document is to articulate HERENBA INDUSTRIES LIMITED'S Dividend Distribution Policy (DDP). This Policy applies to all types of Dividend declared or recommended by the Board of Directors of the Company and seeks to conform to the requirements of Section 123 of the Companies Act, 2013, the notified rules thereof and other such provisions.

### **2. Philosophy**

At HERENBA INDUSTRIES LIMITED we respect, and are committed to, our role towards shareholders and meeting our obligations to the communities in which we do business. We believe that sustainable growth can be achieved by creating wealth and jobs, developing useful skills, and investing time and money in people. HERENBA INDUSTRIES LIMITED aims to share its prosperity with the shareholders by way of declaring dividend subject to liquidity and growth requirement.

### **3. The Regulatory Framework**

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 Listed Companies in India as per Market Capitalization as on the preceding Financial Year shall formulate a dividend distribution policy. HERENBA INDUSTRIES LIMITED falls within the list of Top 1000 Listed Companies.

### **4. Definitions**

Unless repugnant to the context:

4.1 "Act" shall mean the Companies Act, 2013 including the Rules made thereunder.

4.2 "Company or HERENBA INDUSTRIES" shall mean Herenba Industries Limited

4.3 "Chairman" shall mean the Chairman of the Board of Directors of the Company.

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

4.5 "Dividend" shall mean Dividend as defined under Companies Act, 2013 or SEBI Regulations.

4.6 "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued there under, including any statutory modifications or re-enactments thereof for the time being in force.

## **5. Policy**

### **5.1 Frequency of payment of dividend:**

5.1.1 Herenba Industries Limited believes in rewarding its shareholders as and when the funds are available for distribution as dividend and generally strive to recommend Final Dividend to the Members at the Annual General Meeting of the Company.

### **5.2. Internal and external factors that would be considered for declaration of dividend:**

5.2.1 Herenba Industries Limited considers several Internal and External Factors before deciding declaration or recommendation of dividend.

5.2.2 The Internal Factors are adequacy of profits for last three years and likely profits for next year, allocation of funds towards capital expenditure and working capital requirements.

5.2.3 The External Factors that would impact dividend payout are alternative investment opportunities, interest rate on surplus funds, taxation on distribution of dividend and dividend payout ratios of comparable companies.

### **5.3. The financial parameters that will be considered while declaring dividends:**

5.3.1 In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and Capital Investments, which are vital to future business expansion.

5.3.2 After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.

### **5.4. The circumstances under which the shareholders can or cannot expect dividend:**

In an event where Company has undertaken a significant project requiring higher allocation of capital or in event where the company's profits are inadequate or company makes losses, the Company would like to use the Company's reserves judiciously and not declare dividend or declare dividend lower than its normal rate of dividend.

### **Policy as to how the retained earnings will be utilized:**

5.5.1 The Company would like to retain the balances in Reserves and Surplus to give the required strength to the balance sheet for exploring leverage options for supporting growth.

5.5.2 The Company would be very cautious in declaring dividend out of past profits and reserves.

#### **5.6. Transfer of Profits to Reserves:**

The Company will not transfer any amount to reserves unless there is statutory requirement.

#### **5.7. Provisions regarding class of shares:**

Currently, the Company has issued only Equity Shares and this Policy shall be applicable to Equity Shares. As and when the Company issues other kind of shares, the Board shall amend this Policy along with Rationale at the time or before issue of other class of shares.

#### **Procedure**

6.1 The Board of Directors of the Company will analyze all the parameters and recommend appropriate dividend.

6.2 The Company Secretary & Compliance Officer of the Company shall ensure compliance of Insider Trading Rules of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6.3 The Board of Directors shall approve the declaration or recommendation of Dividend after ensuring compliance of Act, SEBI Regulations and this Policy.

6.4 The Company shall ensure compliance of provisions of Act, SEBI Regulations and this Policy in relation to dividend.

### **7. Distribution of Dividend**

#### **A) Periodicity:**

On Completion of Financial Year

The Board of Directors of the Company may recommend a Dividend for respective financial year and may be declared in the Annual General Meeting.

#### **B) Dividend Entitlement**

The members, whose name appear in the register of members as on the record date / Book Closure, shall be entitled for the dividend.

#### **C) Mode of Payment**

The payment of the dividend would be in cash:

i) Through electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. for making payment of dividend. OR

ii) Through issuance of ‘payable-at-par’ warrants/ cheques /demand draft, in case where bank details are not available or the electronic payment instructions have failed or have been rejected by the bank,

**Transfer to Unpaid Dividend Account:**

(1) Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account.

(2) The company shall, within a period of ninety days of making any transfer of an amount under sub-section (1) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the web-site of the company, if any, and also on any other web-site approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed.

**D) Transfer to IEPF**

The dividend remained unpaid and unclaimed for a period of 7 years (as per the provisions of Sections 124(5) of the Companies Act, 2013) shall be transferred to Investors Education and Protection Fund set up by the Government in that regard.

**8. General**

8.1 This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India from time to time, on the subject matter.

8.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.