

HLV Limited

Dividend Distribution Policy **(Approved by the Board on 11th February, 2022)**

Background

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 dated 5th May, 2021 (“Listing Regulations”), the top one Thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy (“Policy”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

HLV Limited being one out of top one thousand listed entities based on market capitalization has formulated a dividend distribution policy as approved by the Board of Directors of the Company on this 11th day of February, 2021. This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2021-22 onwards.

Objective

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend, the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized and parameters that shall be adopted with regard to various classes of shares, etc.

Parameters for declaration of Dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, in accordance with the Companies Act, 2013 and the rules made thereunder (the Act). The Board may also declare interim dividends as may be permitted by the Act.

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

As in the past, subject to the provisions of the applicable law, the Company’s dividend pay-out will be determined based on available financial resources, business requirements and taking into account optimal shareholder return.

Dividend pay-out would also be subject to profitability under Standalone Financial Statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

Financial parameters and Internal Factors:

- Operating cash flow of the Company
- Profit after Tax during the year and Earnings Per Share (EPS)
- Loan Repayment and Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiaries and associates of the company
- Up gradation of technology and physical infrastructure
- Debt levels and cost of borrowings
- Past dividend pay-out ratio / trends

External Factors:

- Industry Outlook and Economic environment
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend pay-out ratio of competitors
- Changes in the government policies and regulatory provisions and guidelines

Circumstances under which the shareholders of the Company may or may not expect dividend

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- In the event of loss or inadequacy of profit
- Proposed expansion plans, renovations and up-gradations requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product/brand launches, etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Debt obligations
- Proposal for buy-back of securities

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 plans
- Diversification of business
- Long term strategic plans for growth

- Replacement of capital assets
- Payment of Dividend in future years
- Issue of Bonus shares
- Such other criteria as the Board may deem fit from time to time.

Parameters to be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Changes in the parameters

If the Company proposes to declare dividend on the basis of parameters in addition to mentioned here in the Policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, such changes along with the rationale for the same shall be disclosed in the annual report and on website of the Company.

Disclosures

The Dividend Distribution Policy shall be disclosed on the website of the Company i.e. at www.hlvlttd.com. and a web-link shall also be provided in the annual reports of the Company.

Policy review and amendments

The Board may review, amend, abrogate, modify or revise any or all provisions of this Policy from time to time. However, amendments in the Act or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be deemed to be incorporated in this Policy and shall be binding.

Disclaimer

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