

DIVIDEND

DISTRIBUTION POLICY

OF

HARMONY CAPITAL SERVICES LIMITED

ABOUT THE COMPANY: -

HARMONY CAPITAL SERVICES LIMITED is a Company incorporated under Indian Companies Act, 1956, the well diversified financial services company in India today , offering a wide spectrum of services to corporate and individuals. Financial Services is a relationship business. Harmony Capital Services Limited understands this vital premise . At Harmony Capital Services Limited , there's no room for facades. Because the customer is supreme and time is money.

OBJECTIVE OF THE POLICY: -

This policy ("Policy") of HARMONY CAPITAL SERVICES LIMITED ("Company") has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 ("Act") read with the Companies (Amendment) Act, 2017 along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

This policy shall come into force with immediate effect.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring / recommending dividends on behalf of the Company.

DEFINITIONS: -

"Applicable Law" means any law, rules, regulations, circulars, guidelines or standards under which the policy has been formed.

"Board" in relation to the company, means the collective body of the directors of the company.

"Company" refers to HARMONY CAPITAL SERVICES LIMITED

"Dividend" refers to Interim Dividend & Final Dividend

"Final Divided" is declared once for the financial year after the annual accounts are prepared.

“Interim Dividend” is declared during the financial year of the Company as and when considered appropriate by the Board of Directors.

1. FINANCIAL PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND, IF ANY:

The Board shall consider the following financial parameters while declaring dividend:

- the Company’s Financial results of operations and earnings;
- working capital requirements for the operations and growth of the Company and its subsidiaries;
- quantum of profits and liquidity position;
- future fund requirements, including for brand building, business acquisitions, business expansion, modernization of existing business;
- level of debt;
- providing for unforeseen events and contingencies;
- any other financial factor as the Board may deem fit.

2. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Shareholders may ordinarily expect dividend if the Company has made profits during the current year. Recommending dividend out of profits of previous financial years or out of retained earnings shall be at the discretion of the Board, subject to the compliance with the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time. The Board may not recommend a dividend if:

- Proposed expansion plans require higher Capital expenditure; or
- Significantly higher working capital requirements adversely impact free cash flow; or
- The Company undertakes any acquisitions or investments including in joint ventures, new product launches, etc., requiring significant capital outflow; or
- In case of proposal for buyback of shares; or
- In the event of inadequacy of profits.

If the Board proposes not to distribute profit, the grounds thereof and information on utilization of undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

3. INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board may consider the following internal and external factors while declaring Dividend:

Internal Factors: -

- Profits earned during the year;
- Present & future Capital requirements of the existing businesses
- Operating Cash flows requirement;
- Working Capital requirement;

- Capital Expenditure requirement;
- Brand / Business Acquisitions;
- Expansion / Modernization of existing businesses
- Additional investments in subsidiaries/associates of the Company
- Fresh investments into external businesses
- Any other factor as deemed fit by the Board

External Factor: -

- Any Legal requirements
- State of Economy
- Favorable/Unfavorable Capital Markets
- Statutory Restrictions

This is not intended to be an all-inclusive list, but rather a representative list of factors which may be considered while declaring dividend.

4. UTILIZATION OF RETAINED EARNINGS

Retained earnings are the sum of the Company's profits after dividend payments, since the Company's inception. The retained earnings of the Company will be utilised in one or more of the following manner:

- for expansion and growth of business;
- for contributing towards the fixed as well as working capital needs of the Company;
- major repairs and maintenance, including replacement of old assets which have become obsolete;
- renovation/ modernization for improving working efficiency of plants and equipment's and for capacity enhancements;
- to make the Company self-dependent of finance from external sources;
- for redemption of loans and debentures (if any);
- for upgradation of technical knowhow;
- nonorganic growth initiatives, including acquisition of brands/ businesses;
- for issuing fully paid-up bonus shares to the Shareholders.

5. INTERIM & FINAL DIVIDEND

- a) The Board of Directors of a Company shall declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting.
- b) The Board of Directors shall declare such interim dividend out of the surplus in the P&L Account or out of profits of the financial year for which such interim dividend is sought to be declared or out of the profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

- c) In case of loss incurred by the Company during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, the rate of interim dividend cannot be higher than the average dividends declared by the Company during the immediately preceding three financial years.
- d) The Board will recommend final dividend on equity shares and the same shall be subject to approval by the members at the Annual General Meeting of the Company.

6. PARAMETERS ADOPTED WITH REGARD TO CLASS OF SHARES

The company has only one class of shares viz. equity shares having face value of Rs. 10/- each and declares dividend on per share basis on such shares. The Company may also issue preference shares from time to time.

7. DISCLOSURE REQUIREMENT UNDER SEBI LODR

The Company shall disclose this Policy on the Company's website at www.hcsl.co.in and a web link thereto shall be provided in the Board's Report.

(The above policy was reviewed and approved by the Board of Directors at its meeting held on 29th April, 2022)