



**HONASA CONSUMER LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**  
**(“Policy”)**

**(Effective from December 23, 2022)**

**HONASA CONSUMER LIMITED**

**CIN: U74999DL2016PLC306016**

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## Policy

### 1. Regulatory Framework

This Policy applies to the distribution of dividend by Honasa Consumer Limited (the “**Company**”) in accordance with the provisions of the Companies Act, 2013 (“**Act**”) and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**Listing Regulations**”).

Accordingly, in compliance with the aforesaid regulations, the Board of Directors (the “**Board**”) of the Honasa Consumer Limited, has adopted this Policy at its Meeting held on December 23, 2022.

This Policy shall come into force from the date of listing of equity shares of the company on the stock exchanges.

### 2. Definitions:

The terms referred to in the Policy will have the same meaning as defined under the Companies Act, 2013 and the Rules made thereunder, and the Listing Regulations.

### 3. Objective:

The Company is committed to enhance corporate value by developing/expanding its businesses and at the same appropriately rewarding the Shareholders by distributing dividends to them from time to time out of profits/reserves of the Company.

The objective of this Policy is to provide guidelines to the Board of the Company in balancing the dual objectives of appropriately rewarding Shareholders through dividends and retaining capital to support development/expansion of the Company and maintain a healthy capital adequacy ratio.

This Policy also aims to sets out the key parameters and circumstances that Board need to consider for arriving at the dividend distribution decision/recommendation. The Board may in extraordinary circumstances, deviate from the guidelines of this Policy by recording the reasons thereof.

The Board has adopted a progressive dividend distribution policy which would under normal circumstance be previous year’s actual paid dividend as a floor with increase

in line with the Company’s growth, while adhering to pay sustainable dividend keeping in view the Company’s policy of meeting the long-term growth objectives from internal cash accruals.

**4. The circumstances under which the shareholders may or may not expect dividend:**

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the question of declaration of dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this Policy. Among other considerations, broadly, dividend may not be declared if the Board believes there is a need to conserve capital for growth or other exigencies.

**5. Parameters for Declaration of Dividend:**

Financial /Internal Factors	External Factors
<ul style="list-style-type: none"> <li>➤ Profitable growth of the Company and specifically, profits earned during the financial year as compared with:               <ul style="list-style-type: none"> <li>a. Previous years and</li> <li>b. Internal budgets,</li> </ul> </li> <li>➤ Cash flow position of the Company,</li> <li>➤ Accumulated reserves</li> <li>➤ Earnings stability</li> <li>➤ Future cash requirements for organic growth/expansion and/or for inorganic growth,</li> <li>➤ Brand acquisitions,</li> <li>➤ Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,</li> <li>➤ Deployment of funds in short term marketable investments,</li> <li>➤ Long term investments,</li> <li>➤ Capital expenditure(s), and</li> <li>➤ The ratio of debt to equity (at net debt and gross debt level).</li> </ul>	<ul style="list-style-type: none"> <li>➤ Business cycles,</li> <li>➤ Economic environment,</li> <li>➤ Cost of external financing,</li> <li>➤ Applicable taxes including tax on dividend,</li> <li>➤ Industry outlook for the future years,</li> <li>➤ Inflation rate, and</li> <li>➤ Changes in the Government policies, industry specific rulings &amp; regulatory provisions.</li> </ul>

## **6. Policy as to how the retained earnings shall be utilized:**

The Board may retain its earnings to make better use of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure,
- for working capital requirement,
- Organic and/ or inorganic growth,
- Mergers and acquisitions,
- Declaration of dividend,
- Capitalisation of shares,
- Buy back of shares,
- General corporate purposes, including contingencies,
- Correcting the capital structure,
- Other such criteria as the Board may deem fit from time to time.

## **7. Parameters that shall be adopted regarding various classes of shares:**

The Company has only equity shares and does not currently have any other class(s) of share(s). If Company issues multiple classes of shares, the parameters of this Policy will be appropriately addressed.

## **8. Disclosures:**

The Company shall make such disclosures on its website, Annual Report and at such other places as may be required under the Act and SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended from time to time and such Acts, Rules and Regulations as may be applicable on the Company from time to time including any amendments thereto.

## **9. Policy implementation and review:**

The Board of Directors may amend this Policy, as and when deemed fit. 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 given in this Policy and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) Etc.

## 10. Limitation and Amendment:

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

For, **HONASA CONSUMER LIMITED**

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**VARUN ALAGH**  
**CHAIRPERSON**

<b>Version</b>	<b>Adopted on</b>	<b>Date of last approval</b>	<b>Approved by</b>
V.1.1	December 23, 2022	N.A.	Board of Directors