Huhtamaki India Limited

DIVIDEND DISTRIBUTION POLICY

1. SCOPE AND PURPOSE OF THE POLICY -

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 500 listed companies, based on Market Capitalization of every financial year, are required to formulate a Dividend Distribution Policy. The Company being one of the top 500 listed companies, frames this policy to comply with the aforesaid SEBI Regulations, 2015.

The Objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes and provide guidance to the Board of Directors while recommending dividends to its shareholders, from time to time.

2. FACTORS/PARAMETERS TO BE CONSIDERED WHILE DECLARATION OF DIVIDEND -

The philosophy of the Company is to maximise the stakeholders' wealth in the Company and the Board will consider the following factors while recommending dividend to its shareholders :

a) Internal Factors/ Financial Parameters:

- Consolidated Operating Profit after Tax;
- Free Cash Flows;
- Working Capital requirements;
- CAPEX Plans /requirements;
- Acquisitions and/or Diversification Plans;
- Cash Flow required for Contingencies;
- Borrowings;
- Past Dividend Trends; and
- Assessment of Dividend Impact on Credit Rating & other consequential factors

b) External Factors:

- Interest rates;
- Taxation on distribution of dividend; and
- Dividend Payout Ratios of comparable companies/ Companies in same industry.

c) Utilisation of Retained Earnings :

In unusual cases, the Company may consider declaring dividend out of profits of previous years or free reserves, after taking into account the parameters laid down in this policy.

d) Circumstances under which shareholder may or may not expect dividend :

In an event where Company proposes/has undertaken a significant expansion project/CAPEX; Mergers, Acquisitions or Joint Ventures; buy-back of securities or any such eventualities which requires higher capital allocation or due to inadequate profits or incurring of losses.

e) Provisions regarding various classes of shares -

Currently, the Company has issued only equity shares and this policy shall be applicable to dividend on equity shares. As and when the Company issues other classes of shares, the Board shall suitably amend this policy.

3. GENERAL -

a. This Policy is subject to any amendments/revisions as per the guidelines that may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India, from time to time;

b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy, as it may deem fit; and

c. 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.

******