



## **CHEMPLAST SANMAR LIMITED**

Registered Office: 9. Cathedral Road, Chennai 600  
086 CIN: L24230TN1985PLC011637

### **Dividend Distribution Policy**

#### **Applicability**

The Policy is applicable from the Financial Year 2021-22 onwards.

#### **Guidelines pertaining to Dividend**

- i. The Company shall comply with relevant statutory provisions under the Companies Act, 2013. The Company may before taking appropriate decision on declaration / recommendation of dividend, transfer such percentage of profits for the financial year, as it may deem fit, to its reserves.
- ii. The Company shall pay dividend in compliance with the provisions of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend), Rules, 2014.
- iii. The Board shall give due consideration to the following factors while declaring / recommending dividend:-

#### **a. Financial parameters for payment of Dividend**

1. Financial performance during the year and liquidity position of the Company.
2. Availability of distributable surplus and accumulated reserves.
3. Earning stability / Sustainability of profits.
4. Past dividend trend and payout ratio.
5. Overall performance of the sector in which the Company operates.
6. Dividend paid by the other companies operating in the same sector.
7. Investment / CAPEX / domestic / Acquisition proposals, if any.
8. Covenants in Loan Agreements / debt reduction.
9. Capital restructuring / Capitalisation of reserves, if any.
10. Expectation of all stakeholders including small shareholders.

## **b. External factors**

In addition to above the declaration / recommendation of Dividend by the Company will also depend upon the Economic / Business environment, Government Policies, Market conditions, Inflation rate, Cost of external financing etc.

### **Interim Dividend**

The Board of Directors may declare interim dividend during any financial year and / or recommend final dividend for declaration by the shareholders of the Company at the Annual General Meeting.

### **Inadequacy of Profits / Declaration of Dividend out of Reserves**

In case of inadequacy or absence of Profits in any Financial Year, if the Company proposes to declare Dividend out of the accumulated profits earned and transferred by it to Free Reserves, it can do so only after the Company has complied with Rule 3 of the Companies (Declaration and Payment of Dividend), Rules, 2014 which contains provisions with respect to declaration of Dividend out of Reserves.

### **Circumstances under which the Company will not declare Dividend**

- The Board of Directors may not recommend dividend in case the Company has incurred losses or profits are inadequate.
- if the Board of Directors forms an opinion that it would be in the best interest of the Company to re-invest / plough back the profits for major expansion / diversification requiring major funding/ to meet liquidity requirements.
- Any other unforeseen event which would restrict ability to recommend dividend.

### **Utilisation of Free Reserves**

The Free Reserves may be utilised:

- Payment of dividend
- For funding its major expansion, / diversification
- Plan of domestic or overseas acquisitions
- To meet any contingent liabilities/ unforeseen expenses etc.

### **Parameters with regards to various classes of shares**

Presently, the Company has only one class of Share Capital i.e. Equity share capital.

**Amendments / Review of the Policy**

The Board of Directors is empowered to amend / review the Policy in accordance with the changes in laws or as and when they deem fit.

**Disclosure**

This Policy shall be published in the Annual Report and displayed on the Company's website.

***Adopted on October 29, 2021. Version 2.***