



Shalimar Paints Limited

DIVIDEND DISTRIBUTION POLICY





BACKGROUND, OBJECTIVE AND SCOPE

The Securities and Exchange Board of India (“SEBI”) on September 02, 2015 has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) effective from December 01, 2015.

On May 05, 2021, SEBI notified SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 to be effective from May 06, 2021. Vide this notification, SEBI has amended Regulation 43A of the SEBI Listing Regulations, making it mandatory for the top 1,000 (one thousand) listed Companies based on the market capitalization (calculated as on March 31 of every Financial Year) to formulate a Dividend Distribution Policy, which shall be disclosed on their website and a web-link shall also be provided in their annual reports.

Shalimar Paints Limited (the “Company”) being one of the top 1,000 (one thousand) listed companies based on market capitalization calculated as on March 31, 2021, as per the criteria mentioned above, has approved and adopted this Dividend Distribution Policy (the “Policy”), in compliance with Regulation 43A of the SEBI Listing Regulations.

The Company is committed to ensure sustainable returns, through an appropriate capital strategy for both medium term and long term value creation for its investors. For this purpose, the Company needs to have in place a progressive and dynamic dividend policy, which can balance the twin objectives of creating shareholders’ wealth and the long term needs of the business.

This Policy is not an alternative to the decision of the Board for recommending / not recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

POLICY FOR DIFFERENT CLASSES OF SHARES

The holders of the equity shares of the Company, as on Record Date, are entitled to receive dividends. 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. In the event the Company issues in future, any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue. Equity dividend shall be paid after payment of dividend on preference shares including dividend on the cumulative preference shares for the previous years.

The Policy shall not apply to determination and declaration of dividend on preference shares, which may be issued by the Company, as the same will be as per the terms of issue approved by the shareholders.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY/MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.



The Board will consider the following factors while determining the DIVIDEND:

A. FINANCIAL PARAMETERS AND INTERNAL FACTORS:

- Operating Cash Flow of the Company;
- Profit after Tax (PAT) during the year and Earnings Per Share (EPS);
- Past dividend pay-out ratio/trends;
- Additional investment in subsidiaries/associates or new business of the company;
- Minimum cash required for contingencies or unforeseen events;
- Restrictions imposed under Loan Agreements/financing documents;
- Any other relevant or material factors as may be deemed fit by the Board.

B. EXTERNAL FACTORS:

- Industry Outlook and Economic environment;
- Capital markets & Global conditions;
- Statutory provisions and guidelines;
- Dividend pay-out ratio of competitors;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any changes in the competitive environment requiring significant investment;
 - Business cycles
 - Cost of external financing
 - Applicable taxes including tax on dividend
- Any other relevant or material factors as may be deemed fit by the Board.

The Shareholders of the Company **may not expect dividend** in the following circumstances:

- In the event of loss or inadequacy of profit;
- Need for substantial funds for capital expenditure requirement;
- If prudent to reduce debt levels and maintain optimum debt equity ratio;
- Non-receipt of the approval of the lenders, if required.

DECLARATION & PAYMENT

The Board may declare one or more Interim Dividends and recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

IN CASE OF FINAL DIVIDEND

- I. The Board shall recommend dividend to the Shareholders, which shall be paid subject to approval of the Shareholders at Annual General Meeting of the Company.
- II. Dividend shall be paid only out of current profits or past profits after providing for depreciation and setting off losses, if any.
- III. The amount of the dividend shall be deposited in a scheduled bank in separate account within 5 (five) days from the declaration of dividend.



- IV. The payment of dividend shall be made within 30 (thirty) days from the date of declaration to the Shareholders entitled to receive the dividend on the record date as per the applicable law.

IN CASE OF INTERIM DIVIDEND

- I. Interim dividend, if any, shall be declared by the Board.
- II. Before declaring Interim dividend, the Board shall consider the financial position that allows the payment of such dividend.
- III. In case no Final dividend is declared at the Annual General Meeting, Interim dividend will be considered as the Final dividend of the Company.

UTILIZATION OF RETAINED EARNINGS

Retained earnings shall be utilized in accordance with prevailing regulatory requirements and any other specific purpose as approved by the Board of Directors of the Company.

The Company shall endeavor to utilize retained earnings in a manner which is beneficial to the interests of the Company and also its stakeholders. The retained earnings of the Company may be used in any of the following ways:

- I. Capital expenditure for increase in productivity/modernization;
- II. Declaration of dividend;
- III. Bonus shares;
- IV. Buy back of shares;
- V. Market expansion/diversification;
- VI. General corporate purposes, including contingencies;
- VII. Any other specific purpose, as approved by the Board of Directors of the Company or permitted under the provisions of Companies Act, 2013.

MODIFICATION OF THE POLICY/ DEVIATION

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

If the dividend is declared in deviation of this Policy due to some extra circumstances, the Board shall disclose such deviation along with the rationale in the Annual Report and on the website of the Company.

REVIEW & DISCLOSURE OF POLICY

The Board may review the Dividend Distribution Policy of the Company periodically.

The Dividend Distribution Policy shall be disclosed on the website of the Company i.e. www.shalimarpaints.com and web-link shall be provided in its Annual Report.



CONFLICT IN POLICY

In the event of any conflict between this Policy and the existing statutory regulations, the statutory regulations will prevail.

DISCLAIMER

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