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DIVIDEND DISTRIBUTION POLICY

(applicable w.e.f. June 11, 2021)

INTRODUCTION

The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which required top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

Further, the same has been extended to Top 1000 listed entities vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. The Company being amongst top 1000 listed entities based on aforesaid criteria for the year ended March 31, 2021, has formulated this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted with regards to the shares.

OBJECTIVE

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an annual general meeting of shareholders in case of final dividend. Depending on the long-term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

DEFINITIONS

- (i) “**Act**” shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.
- (ii) “**Applicable laws**” shall mean the Companies Act 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provide for the distribution of Dividend.

- (iii) **“Board or Board of Directors”** shall mean the Board of Directors of the Company.
- (iv) **“Company”** shall mean Wim Plast Limited and wherever the context requires, shall signify the Company acting through its Board.
- (v) **“Dividend”** represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. It includes final and interim dividend.
- (vi) **“Dividend Payout ratio”** means a fraction of net income a company pays to its shareholders as dividend.
- (vii) **“Financial Year”** shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
- (viii) **“Market capitalisation”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (ix) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (x) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

DECLARATION AND PAYMENT OF DIVIDEND

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profit is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 127 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

Dividend will be declared out of the current year's Profit after Tax of the Company. In certain circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

PARAMETERS FOR DECLARATION OF DIVIDEND

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities & plan of the Company, tax impact, Company's present and future performance for declaration and payment of dividend.

(i) Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;
- (g) Favorable state of the capital markets;
- (h) Profit growth;
- (i) Internal budgets
- (j) Any other factor as deemed fit by the Board

(ii) External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (d) Sectoral performance;
- (e) Future uncertainties and industrial downturn;
- (f) Changes in Government policies, industry specific rulings & regulatory provisions;
- (g) Clientele effect;
- (h) Risk effect;
- (i) Business cycles;
- (j) Economic environment;
- (k) Inflation rate;
- (l) Applicable taxes including tax on dividend.

(iii) Internal Factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/associates;
- (h) Buyback options;
- (i) Approach adopted - residual, stability or hybrid;
- (j) Cash flow position of the Company;
- (k) Accumulated reserves;
- (l) Track record of Dividends distributed by the Company

(iv) Utilisation of retained earnings

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets.

(v) Classes of Shares

The Company has issued only one class of shares viz., equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS CAN EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- b. Significantly higher working capital requirements adversely impacting free cash flow.
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital.
- d. Whenever it proposes to utilise surplus cash for buy-back of securities or
- e. In the event of inadequacy of profit or whenever the Company has incurred losses.

PUBLICATION OF POLICY

This Policy, as approved by the Board, shall be disclosed in the Annual Report and on the website of the Company at <https://www.cellowimplast.com/>

AMENDMENT

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

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.