



**EMAMI PAPER MILLS LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**  
**Document Version 1.0**  
**Implementation Date: 01<sup>st</sup> June 2021**

**1. PREAMBLE**

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Regulations"**), mandates that the top 1000 listed companies (by market capitalisation calculated as on 31<sup>st</sup> March every financial year) are required to formulate a Dividend Distribution Policy (**"Policy"**) which shall be disclosed in the Annual Report and on the Corporate Website of the Company.

In compliance with the above Regulation, the Board of Directors of the Company have approved the Dividend Distribution Policy of the Company at their meeting held on 1<sup>st</sup> June, 2021.

**2. OBJECTIVE**

The objective of this Policy is to provide a broad Dividend Distribution Framework to all the Stakeholders of the Company.

The Board shall refer to the guidelines laid out in this Policy while announcing any Dividend in a Financial Year keeping in mind the provisions of the Companies Act 2013 read with Rules made therein from time to time and other applicable legal procedures.

The Company currently has two Class of Shares: 1) Equity Shares and 2) Optionally Convertible Non-Cumulative Redeemable Preference Shares (OCRPS) (Convertible at the option of the Company). Since the company has issued only one class of equity shares with equal voting rights, all the members holding equity shares of the company are entitled to the same dividend per share. This policy shall not apply to determination and declaration of dividend on preference shares as the same will be governed as per the terms of issue approved by the Board and the shareholders of the Company.

### **3. DIVIDEND**

Dividend is the payment made by the company to its shareholders out of the profit made by the company in proportion to the equity share capital and Preference share capital they hold. Dividend includes Interim Dividends.

### **4. PARAMETERS FOR DECLARATION OF DIVIDEND**

The Board of Directors of the Company shall consider the following parameters for declaration of dividend: -

#### **Financial parameters (internal factors)**

- Net operating profit after tax during the relevant year
- Future Capital expenditure requirements;
- Resources required to fund acquisitions and/or new businesses;
- Company's liquidity and cash flow position;
- Cash flow required to meet contingencies;
- Increase in Working Capital requirement;
- Past Dividend Trends;
- Any other relevant factor that Board may deem fit to consider.

#### **External Factor**

- Economic conditions and Prevailing legal requirements;
- Regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- Dividend Pay-out ratio of companies in the same industry.

### **5. UTILIZATION OF RETAINED EARNINGS**

The retained earnings after declaration of the dividend if any shall be utilised for Company's growth, working capital requirements, investments, debt repayments, meeting contingencies and in other manners as considered appropriate by the Board and subject to the applicable laws.

### **6. DECLARATION OF DIVIDEND**

The Board may declare/recommend Interim / Final Dividend out of the profits of the Company for that year arrived at in conformity with the Companies Act. Only in exceptional circumstances, the Board may consider utilizing its Retained Earnings for Declaration of Dividend subject to other applicable legal provisions.

The dividend pay-out in each financial year, including interim dividends, will be dependent on the existing and expected underlying financial performance, market conditions, cash flow position and future requirements of funds and also non-financial factors prevailing during such financial year.

## **7. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:**

The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares. Currently, the Company has issued one class of equity shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this Policy.

## **8. REVIEW**

The Dividend Distribution Policy is subject to review and amendment as and when considered necessary by the Board. In case of any amendment(s), clarification(s) circular etc. issued by relevant authorities not being consistent to the provisions laid down under this policy then such amendment, clarification, circular etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment, clarification, circular etc.

## **9. DISCLAIMER**

This document neither solicits investments in the Company's securities, nor it is an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.