

DIVIDEND DISTRIBUTION POLICY



Asahi Songwon Colors Limited

CIN : L24222GJ1990PLC14789

DIVIDEND DISTRIBUTION POLICY

1. Preamble

Distribution of profit by a Company among its shareholders is termed as payment of Dividend. A Company may distribute profits earned by it among its shareholders or distribute a certain percentage of its profit and retain the balance in business for purposes like expansion, diversification and inorganic investments. A formal dividend policy, helps the Board of a Company, to arrive at a balanced dividend pay-out ratio, taking into account, factors such as profit made during the relevant Financial Year, expansion programmes, other strategic plans etc.

This policy formulated by the Board of Directors (“the Board”) of Asahi Songwon Colors Limited, (“the Company”) will act as an aid to declare dividend and its pay-out by the Company in compliance with the provisions of Companies Act, 2013 (“the Act”) (including any statutory re-enactment(s) made from time to time) read with applicable rules framed thereunder, as may be in force for the time being and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Philosophy

The Company believes that ploughing back of profits for driving growth is important in the long run for the creation of robust Shareholder value. At the same time, it recognises the need to give a portion of the profit as payout by way of appropriate rate of dividend to Shareholders. Thus, the Company strikes a judicious balance between the two while recommending the dividend rate for approval of the Shareholders.

3. Parameters for declaration of dividend

a. Financial parameters | Internal factors:

- i. Consolidated net operating profit after tax
- ii. Working capital requirements
- iii. Capital expenditure requirements
- iv. Resources required to fund acquisitions and | or new businesses
- v. Cash required to meet contingencies
- vi. Quantum of outstanding debt
- vii. Past dividend trends
- viii. Investments in subsidiary | associate companies
- ix. Outlook for the near term

b. External factors:

- i. Government policies
- ii. Economic environment and outlook for growth
- iii. Trade cycles
- iv. Dividend rates of companies in the same industry
- v. Any other factor having impact on the business of the Company

4. Circumstances under which Shareholders may or may not expect dividend

Shareholders may generally expect a reasonable dividend in case of significant Profit After Tax (PAT) and cash flow from operations.

5. Utilisation of retained earnings

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, after having due regard to the Parameters laid down in this Policy.

6. Parameters adopted with regard to various classes of shares

Presently, the Authorised Share Capital of the Company is divided into equity share face value of Rs 10 each. At present, the issued and paid-up share capital of the Company comprises only equity shares.

7. Final Dividend

Payment of dividend which is approved by the shareholders of a Company in their Annual General Meeting, based on the recommendation of Board of Directors, subsequent to adoption of audited annual financial statements of a Financial Year is the final dividend for that particular Financial Year.

Process for approval of payment of Final Dividend

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a Financial Year.

8. Interim Dividend

The Board of the Company may declare interim dividend during a Financial Year, based on the profits of any particular quarter or half year or in exceptional circumstances.

Process of approval of payment of Interim Dividend

- Board may declare Interim Dividend at its discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half yearly) financial statements including exceptional items;
- One or more times in a Financial Year.

9. Review

The Board may review this policy on periodical basis, considering various external and internal factors.