

# SHIVA CEMENT LIMITED

## DIVIDEND DISTRIBUTION POLICY

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# DIVIDEND DISTRIBUTION POLICY

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### PREFACE:

<b>Title</b>	<b>Dividend Distribution policy</b>
<b>Version Number</b>	<b>1.00</b>
<b>Effective Date</b>	<b>21.04.2018</b>
<b>Authorised by</b>	<b>Board of Directors</b>
<b>Number of Revisions</b>	<b>Nil</b>
<b>Last Revised Date</b>	<b>N.A</b>

### Introduction

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a Dividend Distribution Policy has been formulated by the Company. The Board of Directors of the Company ("the Board") has approved this Dividend Distribution Policy of the Company ("the Policy") at its meeting held on April 21, 2018, which endeavours for a consistent approach to dividend pay-out plans, aid investors to match their investment objectives and to provide for long term capital appreciation for all stakeholders of the Company.

### A. General Guidelines for Distribution of Dividend

- i.** The Company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder, and any amendments made thereto.
- ii.** The Board shall not recommend dividend if it is of the opinion that it is financially not prudent to do so.
- iii.** If the Company proposes to declare dividend on the basis of parameters in addition to those covered in this Policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose

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such changes along with the rationale for the same in its annual report and on its website.

- iv. The dividend payout in any financial year, shall be subject to compliance of covenants with Lenders/Bond holders.

### **B. Circumstances under which the Shareholders may or may not expect Dividend**

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the growth plans of business.

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus funds and after taking into consideration relevant internal and external factors (enumerated in para D of this policy) for declaration of dividend. However efforts will be made to maintain a dividend payout (including dividend distribution tax and dividend on preference shares, if any) in the range of 15% to 20% of the consolidated net profits of the Company after tax, in any financial year, subject to compliance of covenants with Lenders/Bond holders.

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. In the event of loss or inadequacy of profit;
- ii. Adverse market conditions or regulatory constraints;
- iii. Proposal for buy-back of securities;
- iv. Specific need to conserve resources in view of any proposed large capital allocation for expansion and M&A activities.

### **C. Financial Parameters that shall be considered while declaring dividend**

The following financial parameters shall be considered before declaration of dividend:

1. Income and profitability parameters:
2. Other Financial parameters:
  - I. Working capital requirements;
  - II. Cost of raising funds;
  - III. Reinvestment opportunities;
  - IV. Past Dividend Trends as also those declared by peers and other leading companies and investor expectations.

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### **D. Internal and External Factors that shall be considered for Declaration of Dividend**

#### **External Factors:**

- i. Economic & Industry outlook.
- ii. Growth outlook.
- iii. Statutory/Regulatory Restrictions.
- iv. Covenants with Lenders/Bond holders.

#### **Internal Factors:**

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which *inter alia* will include:

- i. Profits earned during the year;
- ii. Present & future Capital requirements of the existing businesses - ;
- iii. Business Acquisitions;
- iv. Expansion/ Modernization of existing businesses - availability of external finance and relative cost of external funds;
- v. Additional investments in subsidiaries/associates/joint ventures of the Company;
- vi. Restrictions in loan agreement .
- vii. Any other factor as deemed fit by the Board.

### **E. Policy as to how the retained earnings shall be utilized**

Retained Earnings may be utilised for capital expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purposes or it can be distributed to the shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

### **F. Parameters that shall be adopted with regard to various Classes of Shares:**

#### **i. Dividend on Preference Shares:**

Preference Shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of the Cumulative Preference Shares, if the Company is not having distributable profits for any certain financial year or the Company is not able to pay the dividend, then this shall be accumulated and be paid later on in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

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The parameters mentioned at Clause A to E in this Policy shall not apply to determination and declaration of dividend on preference shares issued by the Company, as the same will be as per the terms of issue of such preference shares.

### ii. Dividend on Equity Shares:

Equity Shareholders shall be entitled for the dividend, interim or final, as the case may be, if declared by the Board of Directors or the shareholders of the Company. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

### G. Amendments

The Board may at any point of time amend, modify or review this Policy in whole or in part, as may be deemed necessary.

### H. Disclosure

This Policy, as approved by the Board of Directors, at its meeting held on April 21,2018 shall be disclosed in the Annual Reports and hosted on the website of the Company - [www.shivacement.com](http://www.shivacement.com).

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