



SHREE DIGVIJAY CEMENT COMPANY LIMITED

DIVIDEND DISTRIBUTION POLICY

PREAMBLE, PURPOSE, OBJECTIVE AND SCOPE

In accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors ("Board") of Shree Digvijay Cement Company Limited ("Company") has formulated and adopted the Dividend Distribution Policy ("Policy") with an endeavor to maintain a consistent approach to dividend pay-out plans and to preserve the shareholders' confidence and trust in the Company.

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/ recommending dividends on behalf of the Company.

The objective of this Policy is to:

- (i) specify the parameters (including internal and external factors) that shall be considered while declaring the dividend.
- (ii) lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- (iii) provide for the manner of utilization of retained earnings.

FORMS OF DIVIDENDS

- (a) Interim Dividend: The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.
- (b) Final Dividend: The final dividend is paid once for the financial year after the annual accounts are prepared and approved. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.
- (c) Special Dividend: The Board may declare/recommend special dividend as and when it deems fit.

**PER SHARE BASIS**

The dividend will be declared on per share basis only.

DIVIDEND DISTRIBUTION

The Board of Directors shall endeavor to take a decision for Dividend Distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several parameters which form part of this Policy.

The Dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of –

- 1) Current financial year's profit:
 - a) after providing for depreciation in accordance with law;
 - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;

Or

- 3) Out of (1) and (2) both.

In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein.

FINANCIAL PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

The financial parameters that may be considered before declaring dividend are profitability, cash flow and future growth and profitability outlook of the Company.

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e., 27th October 2021.

PARAMETERS/ FACTORS AFFECTING DIVIDEND DECLARATION:

The Board of Directors of the Company shall, inter alia, consider the following Parameters for recommendation / declaration of Dividend:



External Factors:

Macroeconomic conditions: In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Statutory requirements: Company shall take into consideration statutory requirements, regulatory conditions or restrictions as applicable including tax laws, provisions of the Companies Act, 2013, Listing Regulations and other SEBI regulations etc.

Agreements with Lending Institutions: The Board may consider protective covenants in loan agreement, if any, that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt.

Capital Markets: In favourable market scenarios, the Board may consider liberal pay-out. However, it may resort to a conservative dividend pay-out in case of unfavourable market conditions.

Taxation Policy: The tax policy of the country may also influence the dividend policy of the Company. The rate of tax directly influences the amount of profits available to the Company for declaring dividends.

Board may also consider other factor, as may be deemed fit by the Board, while recommending / declaring Dividends.

Internal Factors:

Apart from the various external factors, the Board shall consider various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- a) financial performance including profits earned (standalone), available distributable reserves etc.
- b) Impact of dividend pay-out on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect e.g., Interest coverage, DSCR (Debt Service Coverage Ratio) Debt: EBITDA and Debt: Equity, including maintaining a targeted rating – domestically and internationally.
- c) Alternate usage of cash viz. acquisition/Investment opportunities or capital expenditures and resources to fund such opportunities/expenditures, in order to generate significantly higher returns for shareholders.
- d) Leverage profile, liabilities and liquidity position of the Company.
- e) Fund requirement for contingencies and unforeseen events with financial implications.
- f) Past Dividend trend including Interim dividend paid, if any; and
- g) Any other factor as deemed fit by the Board.



CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The circumstances under which shareholders may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

- a) The Company is in higher need of funds for acquisition/ diversification/ expansion/ investment opportunities/ deleveraging or capital expenditures.
- b) The Company has incurred losses or in the stage of inadequacy of profits.
- c) Significantly higher working capital requirements adversely impacting free cash flow.
- d) Due to operation of any law in force.

The Shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses as may be statutorily required under various legislations applicable to the Company.

Further, the Board may also take into consideration such other circumstances as it may in its absolute discretion think fit.

UTILIZATION OF RETAINED EARNING

The Board may retain its earnings in order to make optimum utilisation of the available resources and enhance the shareholder's value. The retained earnings of the Company can be used for acquisitions, expansions, diversifications or for meeting the working capital requirements, other liabilities of the Company or for any other object covered in Memorandum of Association; or may be retained for its business purpose in accordance with the applicable provisions of the Companies Act, 2013 read with the Rules framed thereunder, if any, the Listing Regulations, other applicable legislations governing dividends and the Memorandum and Articles of Association of the Company, as in force and as amended from time to time.

PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE

Presently, the issued share capital of the Company comprises of only one class of Shares i.e., equity shares. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

DISCLOSURE

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

REVIEW & AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

DISCLAIMER

This policy 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.