

# **Orient Cement Limited**

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## **Dividend Distribution Policy**

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### 1. BACKGROUND, PURPOSE, OBJECTIVES AND SCOPE

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. SEBI vide its Notification No. SEBI/ LAD-NRO/GN/2016-17/008 dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Policy in place by the top five hundred listed companies based on their market capitalization. Considering the provisions of the aforesaid Regulation 43A, the Board of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The intent of the Policy is to broadly specify the following:

- (a) The circumstances under which the shareholders of the Company may or may not expect dividend;
- (b) Internal and external factors including financial parameters that shall be considered while declaring dividend;
- (c) Policy as to how the retained earnings shall be utilized;
- (d) Parameters that shall be adopted with regard to various classes of shares.

Any deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

The Board of Directors of the Company in its meeting held on February 4, 2017 has approved this Dividend Distribution Policy of the Company which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

### 2. EFFECTIVE DATE

This Dividend Distribution Policy is effective w.e.f February 4, 2017.

### 3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

“**Board**” or “**Board of Directors**” shall mean the Board of Directors of the Company.

“**Company**” means Orient Cement Limited.

“**Dividend**” includes any interim dividend and shall mean Dividend as defined under the Companies Act, 2013.

“**Listing Regulations**” shall mean the “Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015” and the amendments thereto.

“Policy” shall mean this Dividend Distribution Policy.

“SEBI” shall mean Securities and Exchange Board of India.

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

##### **(I) Financial parameters and Internal Factors**

- (a) Working capital requirements
- (b) Profits earned during the year
- (c) Profit available for distribution
- (d) Past dividend payout ratio/ trends
- (e) Earnings Per Share(EPS)
- (f) Cost of Borrowing
- (g) Capital expenditure requirement
- (h) Business expansion, growth and acquisition
- (i) Creation of contingency fund
- (j) Investment in Joint-Ventures, associates and subsidiaries
- (k) Agreements with lending institutions/ Debenture Trustees etc.
- (l) Likelihood of crystallization of contingent liabilities, if any

##### **(II) External Factors**

- (a) Statutory provisions and guidelines
- (b) Economic Environment
- (c) Capital Markets
- (d) Global conditions
- (e) Dividend payout ratio of competitors

#### **5. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED**

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders & the Company. The shareholders of the Company may not expect Dividend under the following circumstances:-

- (a) Proposed expansion plans including capital expenditure for existing operations, requiring higher capital allocation
- (b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- (c) Requirement of higher working capital for the purpose of business of the Company
- (d) Proposal for buyback of securities
- (e) In the event of loss or inadequacy of profit

#### **6. MANNER OF UTILISATION OF RETAINED EARNINGS**

The Board may decide to plough back the earnings for a particular financial year(s) to ensure the availability of funds for any of the following purpose:-

- (a) Expansion plans
- (b) Modernization plans
- (c) Diversification/ acquisition of business
- (d) Plant expansion & diversification
- (e) Replacement of capital assets
- (f) Mitigate dependence on external debts
- (g) High financial leverage
- (h) Other such criteria as the Board may deem fit from time to time

## **7. PARAMETERS FOR VARIOUS CLASSES OF SHARES**

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of any new class of shares depending upon the nature and guidelines thereof.

## **8. PROCEDURE**

- (a) The Chief Financial Officer in consultation with Managing Director & CEO of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of the Company.
- (b) The agenda of the Board where Dividend declaration/ recommendation is proposed shall contain the rationale of the proposal.
- (c) Pursuant to the provisions of the applicable laws and this Policy, interim dividend approved by the Board will be confirmed by the shareholders and final dividend, if any, recommended by the Board, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- (d) The Company shall ensure compliance of provisions of applicable laws, the Act, SEBI Rules and Regulations and this Policy in relation to Dividend declared by the Company.

## **9. POLICY EXCLUSION:**

The Policy shall not be applicable in the following circumstances:-

- (a) Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares
- (b) Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities
- (c) Determination and declaring dividend on preference shares, if any.

## **10. DISCLOSURES**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [orientcement.com](http://orientcement.com).

**11. GENERAL**

- (a) The Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorised, from time to time, on the subject matter.
- (b) The Company reserves its right to alter, modify, cancel, add, delete or amend any of the provisions of this Policy.
- (c) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Date: February 4, 2017**  
**Place: New Delhi**

**D.D.Khetrapal**  
**(Managing Director & CEO)**