SAURASHTRA CEMENT LIMITED

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Dividend Distribution Policy

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Dividend Distribution Policy

1. INTRODUCTION:

Saurashtra Cement Limited (the "Company") has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on 7th August 2023, being the effective date of the Policy.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend.

2. DEFINITIONS:

2.1 **Board" shall** mean Board of Directors of the Company.

2.2 **"Companies Act"** shall mean the Companies Act, 2013 and amendments from time to time and Rules there-under, notified by the Ministry of Corporate Affairs, Government of India, as amended.

2.3 **"Dividend"** included any interim dividend.

2.4 **"Listed Entity / Company"** shall mean Saurashtra Cement Limited.

2.5 **"Policy"** means Dividend Distribution Policy.

2.6 **"Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India, as amended, from time to time.

2.7 **"Stock Exchange"** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND:

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors-

Financial parameters:

i. Operating cash flow of the Company;
ii. Profit earned during the year;
iii. Profit available for distribution;
iv. Earnings Per Share (EPS);
v. Cost of Borrowing;
vi. Past dividend pay out ratio / trends

Internal Factors:

i. Working capital requirements.
ii. Capital expenditure requirement.
iii. Business expansion and growth.
iv. Likelihood of crystallization of contingent liabilities, if any.
v. Creation of contingency fund.

External Factors:

i. Market scenario.
ii. Industry trends
iii. Capital markets.
iv. Global conditions.
v. Statutory provisions and guidelines.
vi. Dividend pay out ratio of competitors .

B. UTILIZATION OF THE RETAINED EARNING

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan
- Product expansion plan
- Increase in production capacity Modernization plan
- Long term strategic plans.
- Where the cost of debt is expensive.
- Dividend payment.
- Such other criteria as the Board may deem fit from time to time.

C. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to the approval of the shareholders of the Company.

ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.

iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law / Secretarial Standards on Dividend / Companies Act 2013.

In case of interim dividend:

i. Interim dividend, if any, shall be declared by the Board.
ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
iv. In case no final dividend is declared, the interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

D. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

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 issue of any new class of shares depending upon the nature and guidelines thereof.

4. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.scl.mehtagroup.com

5. NON-APPLICABILITY OF POLICY:

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders
- Issue of Bonus Shares by the Company
- Buyback of Securities.

6. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guideline(s) / clarification(s) as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not 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.