

MANGALAM CEMENT LIMITED

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Board of Directors (the “Board”) of Mangalam Cement Limited (the “Company”) in its meeting held on 22nd May, 2021 has adopted this Dividend Distribution Policy (the “Policy”) of the Company as required in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The objective of this Policy is to sets out the parameters and circumstances or other factors as may be decided and considered relevant by the Board while recommending dividend, including declaring interim dividend(s). The Company is deeply committed to driving superior value creation for all its stakeholders by sharing a portion of its profits after retaining sufficient funds for the growth of the Company, based on the following parameters.

1. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board, before recommending dividend, will consider various relevant factors, including the Company’s financial needs, keeping in mind the business considerations. The dividend shall usually be paid out of the profits as available, and distributed in accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder, other applicable legislation /Regulations, the Articles of Association of the Company as in force and as amended from time to time and/or stipulations by lending banks/institutions, if any.

In case inadequacy or absence of profit for the relevant year, the Board may consider payment of dividend out of accumulated Profits/ Free Reserves, subject to compliance of applicable laws, in line with historical trends. The Board, if the situation so warrants, may not declare the payment of dividend in any financial year, at its sole discretion and retain the earnings for the relevant year for investment towards growth of the Company’s business.

2. FINANCIAL PARAMETERS

- i. Adequacy of the net profit available for distribution;
- ii. Retained Earning
- iii. Dividend payout ratios viz dividend to net profit, dividend to cash profit etc.;
- iv. Other financial ratios viz. debt/equity, interest coverage, return on equity etc.;
- v. Operating cash flow of the Company and commitments to forecasted capital expenditure for the current and projected periods;
- vi. Cost of borrowings;
- vii. Contingent liabilities with financial implications or any unforeseen events.

3. INTERNAL FACTORS

- i. Historical track record of dividend payout based on past performance of the Company;
- ii. Present and future working capital requirements of the existing business of the Company;
- iii. Brand/business acquisition;
- iv. Expansion / Modernisation of existing business /diversification into new business;
- v. Additional investments in Subsidiaries / Associates of the Company, if any;
- vi. Any other relevant factor and material event as may be deemed fit by the Board.

4. EXTERNAL FACTORS

- i. Macro-economic environment prevailing in the country;
- ii. Regulatory changes – new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged.
- iii. Statutory/Legislative and Executive restrictions;
- iv. Global business environment.
- v. Any changes in the competitive environment requiring significant investment.

5. UTILISATION OF RETAINED EARNING

The Board may retain its earning in a manner which shall make better use of available funds to the interest of the Company and increase the stakeholder value in the long run.

The decision of utilization of the retained earnings of the Company will be subject to the applicable provisions of the Companies Act and other applicable laws/Regulations. The retained earnings shall be utilized for securing the long term growth objectives of the Company's business including:

- i. Modernisation of plant and machinery;
- ii. Diversification / Expansion of the Company's business;
- iii. Acquisitions;
- iv. Repayment of loans;
- v. Payment of dividend in future.
- vi. General corporate purposes including contingencies,
- vii. Correcting capital structure,
- viii. any other permitted usage as per Companies Act, 2013 and other applicable rules/regulation for the time being enforce.

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

At present the Company has only one class of shares i.e. equity shares with equal voting rights and dividend.

7. GENERAL

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Rules, the Regulations, etc. and dividend distribution policy shall be available on the Company's website and disclosed in the Annual Report.