



# **KANODIA CEMENT LIMITED**

## **Dividend Distribution Policy**

**Regd. Office:**

**D-19, UPSIDC Land Industrial Area, Sikandrabad, Bulandshahr, UP-203205**

**Corporate Office:**

**A-21, Sector-16, NOIDA, Gautam Buddha Nagar, UP-201301**

## **Introduction**

The Board of Directors (“the Board”) of Kanodia Cement Limited (“the Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy (“the Policy”) and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time.

The Dividend Distribution Policy (“the Policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between payout and retained earnings, in order to address future needs of the Company.

## **Commencement**

This Policy shall come into effect from the date of approval in the Board meeting of Company.

## **Objective**

The Company has an objective of appropriately rewarding shareholders through dividends and long-term capital appreciation. The profits earned by the Company may either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the 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 for various purposes. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

## **Definition**

- (i) **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) **“Dividend”** includes final and interim dividend.
- (iii) **“Dividend Payout ratio”** means a fraction of net income a company pays to its shareholders as dividend.
- (iv) **“Market Capitalisation”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.

- (v) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (vi) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

## **Declaration and payment of dividend**

In compliance with Section 51 of the Act, the Company may pay dividend proportionately, i.e., in proportion to the amount paid-up on each share as authorized by articles of association of the company. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available.

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 127 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board may recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for items as per Schedule II or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or (c) out of both (a) and (b).

## **Class of Shares**

The Company has issued only one class of shares viz., equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

## **Parameters for declaration of dividend**

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

- **Financial Parameters / Internal Factors :**

Subject to the provisions of the Act, Dividend shall be declared or paid only out of:

- (i) 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 under the Act or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) The profits for any previous Financial Year(s):
  - a) After providing for depreciation in accordance with law;
  - b) Remaining undistributed; or
- (iii) Out of (i) & ii) both

The Board of Directors of the Company would consider the following financial parameters / internal factors before declaring or recommending Dividend to shareholders

**(i) Financial Parameters**

- Availability of profits;
- Financial feasibility of the Company;
- Favorable Debt Equity ratio;
- Debt interest coverage ratio;
- Liquidity position;
- Business expansions, acquisitions, etc.;
- Favorable state of the capital markets;
- Profit growth.
- Any other factor as deemed fit by the Board

**(ii) Internal factors**

- Growth rate of past earnings;
- Growth rate of predicted profits;
- Expansion and modernisation of existing business;
- Investment in research and development;
- Working capital requirements;
- Mergers and Acquisitions;

- Investments in subsidiaries/Joint ventures/associates;
- Buyback options; (i) Approach adopted - residual, stability or hybrid.

**(iii) External factors**

- Shareholders' expectations;
- Uncertain or recessionary economic and business conditions;
- Restrictions imposed under the Act with regard to declaration of dividend;
- Sectorial performance;
- Future uncertainties and industrial downturn;
- Government policy;
- Clientele effect;
- Risk effect.

**(iv) Utilization of Retained Earning**

The decision of utilization of retained earnings of the Company shall be based on the following factors:

- Acquisition/Diversification of business;
- Long term strategic plan;
- High cost of debt;
- Market or product development/expansion plan;
- Increase in production capacity;
- Modernization Plan;
- Replacement of Capital intensive assets.

## **Amendment**

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

## **Disclosure**

This policy (as amended from time to time) will be available on the Company's website and A weblink will be provided in the annual report of the company.

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### **Disclaimer:**

i) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances warrant.

ii) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the policy

*This Policy has been adopted at the Board Meeting held on 22.03.2025 (Saturday).*