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# 1 PREAMBLE

The Board of Directors of Mangalore Chemicals and Fertilisers Limited has formulated the Dividend Distribution Policy in compliance with the applicable provisions of the Companies Act, 2013 and applicable SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Policy sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

The objective of the Policy is to appropriately reward shareholders through dividends while retaining the capital required for supporting future growth.

## 2 DEFINITIONS

“Board” means Board of Directors of the Company

“Company” means Mangalore Chemicals & Fertilizers Limited

“Directors” mean Directors of the Company.

"Dividend" includes any interim dividend;

In common parlance, Dividend' means the profit of the Company , which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on the shares held by them.

“Policy” means Dividend Distribution Policy

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **3 FORMS OF DIVIDENDS**

#### **- Interim Dividend**

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

#### **- Final Dividend**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board 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.

#### **- Special Dividend**

The Board may declare/recommend special dividend as and when it deems fit.

## **4 GUIDELINES ON PAYMENT OF DIVIDEND**

Regulation 43A of the Listing Regulations prescribes that the dividend distribution policy shall include the following parameters:

- a. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. the financial parameters and internal and external factors that shall be considered while declaring dividend;
- c. policy as to how the retained earnings shall be utilized; and
- d. parameters that shall be adopted with regard to various classes of shares.

## **5 PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS**

The amounts paid as dividends in the past will not be necessarily indicative of the dividend amounts, if any, that may be payable in future. The form, frequency and amount of future dividends shall be at the discretion of the Board and is subject to the approval of the shareholders and will depend on various factors including but not limited to:

### **Financial Parameters and Internal Factors**

- Revenues
- Cash flows
- Financial condition (including capital position)
- Capital requirements
- Profit earned during the financial year
- Liquidity
- Future expansion plans
- Retained earnings v/s expected return from the business
- Adequate cash utilization opportunities

### **External Factors**

- Government Policies and any changes therein
- Industry Outlook, Macro- economic conditions and any changes therein
- Cost and availability of alternative sources of financing
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.
- Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company.

## **6 POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED**

The retained earnings of the Company can be utilized by the Company for the following:

- Declaration of dividend as per this policy
- Issue of Bonus shares
- Augmenting the internal resources including working capital
- Funding of capital expenditure and / or expansion / modernization plans of the Company
- Repayment of Debt
- Investments in subsidiaries / joint venture(s)
- Any other purpose as may be determined by the Board subject to the provisions of the applicable laws.

## **7 PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

- The Company has only one class of equity shareholders.
- In case the Company issues different class of equity shares at any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
- The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.



## **8 THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND**

The Board shall consider the factors provided above before deciding on any dividend pay-out.

The Board of the Company may decide not to declare any dividend if there are circumstances which is unfavourable to the Company or that the Company has better opportunity in reinvesting the funds.

## **9** PROCEDURE FOR PAYMENT OF DIVIDEND

- The Chief Financial Officer of the Company shall consider and recommend any amount to be declared/ recommended as dividend to the Board of the Company.
- The Agenda for the Board Meeting of the Company where dividend declaration or recommendation is proposed shall contain the rationale for the proposal.
- Pursuant to the provisions of the applicable laws and this Policy, the Board may declare and pay interim dividend as and when they consider it fit during the year.
- The Board can recommend the final dividend, to the shareholders for their approval in the annual general meeting of the Company.
- The Company shall ensure compliance of provisions of all applicable laws in relation to declaration and payment of dividend

## **10**      **APPLICABILITY OF THE POLICY**

The Policy shall not apply to:

- Dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

# 11 DISCLOSURE

As per the provisions of the Listing Regulations, the policy shall be disclosed on the website of the Company [www.mangalorechemicals.com](http://www.mangalorechemicals.com)

## **12**      **AMENDMENTS AND GOVERNING LAW**

The Board, on its own and / or as per the recommendations of the Audit Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc. 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.

This Policy shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Regulation 43A of the Listing Regulations or such other Rules / Regulations, as may be notified by SEBI from time to time.