

PRISM CEMENT LIMITED

L26942TG1992PLC014033

Registered Office : 305, Laxmi Niwas Apartments, Ameerpet, Hyderabad - 500 016

Phone : +91 40 23400218 ; Fax : +91 40 23402249

e-mail : investor@prismcement.com ; website : www.prismcement.com

Corporate Office : Rahejas, Main Avenue, V. P. Road, Santacruz (West), Mumbai - 400 054

DIVIDEND DISTRIBUTION POLICY

Objective

The objective of this policy is to lay down the criteria to be considered by the Board of Directors ('Board') before recommending dividend to its shareholders for a financial year and to provide clarity to stakeholders on the profit distribution of the Company.

The Board shall consider distribution of profits in accordance with the business strategies, applicable provisions of the Companies Act, 2013 and Rules thereunder, the applicable SEBI Regulations, Tax Regulations and other applicable legislations, and the Articles of Association.

Dividend Eligibility

The Company currently has only one class of shares i.e. Ordinary Equity Shares. Therefore, dividend, if declared, will be distributed amongst all shareholders based on their shareholding and be paid on per share basis.

Considerations while deciding dividend

The Board will consider the following factors before making any recommendation for dividend :

Financial Criteria :

- Financial performance for the year for which dividend is recommended.
- Accumulated Reserves.
- Earning stability.
- Any interim dividend paid.
- Future capital expenditure.
- Internal capital planning framework/policy.
- Cash flow position.
- Dividend pay-out trends (the dividend pay-out ratio will be calculated as a percentage of dividend (including dividend tax) recommended for the year to the net profit for that year).
- Tax implications if any, on distribution of dividends.
- Cost of raising funds from alternate sources of capital.

- Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates.
- Leverage profile and, under exceptional circumstances, the amount of contingent liabilities
- Such other factors and/or material events which the Board may consider.

Non-financial Factors :

- Shareholder expectations.
- Economic environment.
- Inorganic growth plans.
- Stage of business cycle.
- Legal and regulatory framework.
- Past dividend trends.
- Reinvestment opportunities.

When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders.

In the event that the Board proposes to recommend dividend other than on the basis of above parameters and factors, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website.

Circumstances under which Shareholders may or may not expect Dividend

The Board may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met, including any regulatory restriction placed on declaration of dividend or if the Board strongly believes the need to conserve capital for growth or other exigencies which will be spelt. There may also be regulatory obligations that would have undertaken in form of dividend stopper clauses in bond issuances which might get triggered in certain circumstances and would prohibit from declaring dividend.

Utilisation of Retained Earnings

Utilise the retained earnings in a manner which is beneficial to the interest of the organisation and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the future business growth/expansion and strategic plans, general corporate purposes

including contingencies or such other purpose the Board may deem fit from time to time in the interest of the organisation and its stakeholders.

Determination of Dividend Pay-out

Dividend pay-out levels will be determined by the Board of Directors for the interim dividend and by the General Meetings of Shareholders for the year-end dividend. The Board may additionally recommend special dividend in special circumstances.

Conflict in Policy

In the event of a conflict between this Policy and the extant regulations, the regulations shall prevail.

Review

The Board of Directors may review this policy periodically, by taking into account, inter-alia, the national economic conditions, change in regulation, the Company's growth and investment plans and financial position. Revisions made in the policy shall be published on the Company's web site and intimated to the Stock Exchanges where the Company's shares are listed.

Disclosure of the Policy

The Policy will be available on the Company's website www.prismcement.com/about/policies. The Policy will also be disclosed in the Company's annual report.