

### **Dividend Distribution Policy**

This Policy is called “ACC Limited – Dividend Distribution Policy” (hereinafter referred to as “the Policy”). The Policy is framed pursuant to Regulation 43A of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 for the time being in force. The Policy shall come into effect from the receipt of the Board's approval (Effective Date).

The Policy lays down the broad criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared keeping in mind the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company. The policy serves as a guideline for the Board of Directors and the decision of the Board of Directors with respect to the amount of dividend declared for any given period will be final and shall not be open to challenge by any person on the basis of the Policy.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs 10 each. The Company currently has no other class of shares. Dividend other than interim dividend shall be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board of Directors has the authority to declare interim dividend.

Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, growth/investment requirements and fair shareholder return. The Company will broadly take into consideration the following financial parameters and/or internal and external factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared.

#### **Internal Factors**

- Profits earned during the financial year and the retained profits of the previous years in accordance with the provisions of Section 123 and other applicable provisions of the Companies Act 2013 read with rules framed thereunder;
- Cash flow position of the company and the debt:equity ratio;
- Projections with regard to the performance of the Company;
- Fund requirement to finance Capital Expenditure;
- Fund requirement to finance any organic / inorganic growth opportunities or to finance working capital needs of the company;
- Opportunities for investment of the funds of the Company to capture future growth;
- Dividend payout history.

#### **External Factors :**

- Business cycles and long term/short term Industry outlook;
- Cost of external financing,
- Changes in the Government policies, rate of inflation and taxes structure etc.
- Quantum of dividend payout by other comparable concerns etc;

The Company may recommend additional special dividend in special circumstances.

In the event of a loss or inadequacy of profits in a given year, Company may, taking into consideration the shareholder expectations, past dividend payout history etc declare payment of dividend out of its reserves as may be permitted by the law.

Likewise, in the event of challenging circumstances such as adverse economic cycles and industry projections, the performance of the Company in the coming years, pressure on cash flow on account of various factors such as higher working capital requirements, etc., the Company may, decide not to declare a dividend even when in a given year, the Company had generated profits.

In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the company, if any, are being utilized shall be disclosed to the Members in the Board's Report forming part of the Annual Report of the Company for the given financial year.

The Chief Executive Officer & Managing Director and the Chief Financial Officer, considering various internal and external factors and the overall performance of the company, shall jointly make a recommendation to the Board of Directors with regard to whether or not to declare a dividend and in case a dividend is recommended, the quantum of dividend to be declared.

The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure, and for the purpose of any organic and/ or inorganic growth,
- Declaration of dividend,
- Issue of Bonus shares or buy back of shares,
- Other permissible usage as per the Companies Act, 2013.

The policy may be modified as may, in the opinion of the Board of Directors be deemed necessary.

The Policy will be available on the Company's website: [www.acclimited.com](http://www.acclimited.com) and will also be disclosed in the Company's Annual Report.

Sunil Nayak  
Chief Financial Officer

Harish Badami  
Chief Executive Officer &  
Managing Director

N S Sekhsaria  
Chairman of the  
Board of Directors

Date: 16<sup>th</sup> January 2017

Approved at the Board Meeting held on 17<sup>th</sup> December 2016