

RHI MAGNESITA INDIA LIMITED
POLICY ON
“DIVIDEND DISTRIBUTION”





RHI MAGNESITA

RHI MAGNESITA INDIA LTD.
 (Formerly Orient Refractories Ltd.)
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DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “SEBI LODR”) issued by the Securities and Exchange Board of India (SEBI) has mandated the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalization.

2. OBJECTIVE

As the Company is in the top 500 listed Companies as on March 31, 2019, it is required to formulate a Dividend Distribution Policy in compliance with Regulation 43A of the SEBI (LODR).

The Board of Directors of the Company (hereinafter called “the Board”) has accordingly approved this policy at its meeting held on February 11, 2020.

3. EFFECTIVE DATE

This policy is effective from the financial year ending March 31, 2020.

4. GUIDELINES FOR DECLARATION / RECOMMENDATION OF DIVIDENDS

- 4.1 The Company shall comply with relevant statutory requirements in the Companies Act, 2013 which may be applicable to the Company at the time of taking decision on declaration / recommendation of dividend.
- 4.2 The Company shall pay dividend in compliance with the provisions of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend), Rules, 2014.
- 4.3 The Board shall consider the expectations of all stakeholders including minority / small shareholders) while declaring/ recommending dividends.

5. THE POLICY SHALL NOT APPLY TO

- 5.1 Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- 5.2 Distribution of funds as an alternative to payment of dividend by way of buyback of equity shares.

6. RETAINED EARNING UTILIZATION

- 6.1 The Company is engaged into the business of manufacturing of refractory products for steel industries.
- 6.2 The profits retained in the business shall be continued to be deployed for expansion of the business of the Company.
- 6.3 The decision of utilization of the retained earnings of the Company shall be based on the factors like Strategic and long term plans of the Company, diversification, Government guidelines with regard to issue of bonus, buy-back and any other criteria which the Board of the Company may consider appropriate. Therefore, retained earning shall be utilized in a manner which will enhance value of all its shareholders in a sustainable manner.

7. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

- 7.1 Surplus funds available with the Company;
- 7.2 The Company’s liquidity position and future cash flow requirements;
- 7.3 Track record of Dividends distributed by the Company;
- 7.4 Taxation Policy as on date or any amendments expected thereof, with respect to Dividend distribution;
- 7.5 Capital expenditure requirements considering the expansion and acquisition opportunities;
- 7.6 Cost and availability of alternative sources of financing;



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- 7.7 Macroeconomic and business conditions in general,
- 7.8 Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

8. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- 8.1 The dividend declaration decision of the Company will be taken by the Board/Shareholders after due consideration of all the factors. The Company will adopt a balanced approach to declare dividend with the objective of rewarding the shareholders appropriately and at the same time retaining the profits for its future requirements.
- 8.2 The Company has been consistently paying dividends to its shareholders and it can be reasonably expected to continue declaring same in future as well unless, it is restrained to declare dividend due to insufficient profits or the requirements to retain profits for its business needs or on account of any external or internal factors listed above.
- 8.3 The Company will endeavour to declare the dividend as per the guidelines issued by Govt. of India from time to time. However, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth, etc.

9. AMENDMENTS

The Board of Directors of the Company reserves the rights to amend, modify or review this policy in whole or in part, at any point of time, as may be deemed necessary.

10. DISCLOSURE

This policy shall be disclosed in the Annual Report and displayed on the website of the Company.

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