

AG Ventures Limited (Oriental Carbon & Chemicals Limited)	DIVIDEND DISTRIBUTION POLICY	Policy No. : AGVL/OP/25/1.0 Date of issue : 04-08-2021 Effective date: 04-08-2021 Last review on : -
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1	PREAMBLE	<p>The Company has formulated a Dividend Distribution Policy (hereinafter referred to as the "Policy"). The Policy is in accordance with the extant provisions of the Companies Act, 2013 and SEBI regulations.</p> <p>The Board of Directors (the "Board") of AG Ventures Ltd (formerly Oriental Carbon & Chemicals Limited) (the "Company") has adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") in its meeting held on August 04, 2021.</p> <p>Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend" means the profit of a 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.</p>
2	EFFECTIVE DATE	The Policy shall become effective from the date of its adoption by the Board i.e. August 04, 2021.
3	PURPOSE, OBJECTIVES AND SCOPE	<p>Regulation 43A of the Listing Regulations, mandates top 1000 listed entities, determined on the basis of their market capitalization calculated on March 31 of every financial year to formulate a Dividend Distribution Policy.</p> <p>As the Company is one of the top thousand companies as on 31st March, 2021, the Board has laid down a broad framework for distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.</p> <p>Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.</p> <p>The Policy reflects the intent of the Company to reward its equity shareholders by sharing a portion of its profits after adjusting for accumulated losses and unabsorbed depreciation, if any, and also retaining sufficient funds for future plans and growth of the Company pursuant to Section 123 of the Companies Act, 2013. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted herein, progressive dividend, which shall be consistent with the performance of the Company over the years.</p>

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4	GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND	<p>The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:</p> <p>The Board of Directors will attempt to balance shareholders need for a reasonable and predictable return on their investment with the Company's requirement to retain enough capital, for longer term sustainable growth.</p> <p>The Board shall determine the dividend payout in a particular year based on the parameter provided in this policy after taking the advice of executive management including the Chief Financial Officer (CFO), and other relevant factors.</p>
5	PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS	<p>The Board shall consider the following, while taking decisions of a dividend payout during a particular year:</p> <p>Statutory Requirements The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.</p> <p>Agreements with Lending Institutions/ Bondholders/Debenture Trustees The restrictions and covenants with respect to payment of dividend contained in the agreements entered or to be entered into with the lenders of the Company from time to time.</p> <p>Other Agreements The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements that the Company shall generally enter into during the course of business, if any.</p> <p>This provision shall apply mutatis mutandis to agreements already executed before the commencement of the Dividend Policy of the Company.</p> <p>Proposals for Major Capital Expenditures The Board shall also take into consideration the need for replacement or addition of capital assets in normal course of business, expansion, modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals.</p>

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		<p>Prudential Requirements</p> <p>The Company shall set aside funds for</p> <ul style="list-style-type: none"> • prospective projects and strategic expansion/diversifications sustaining healthy growth • augmenting long term strength • building a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and • the needs for capital conservation and appreciation. <p>Extent of realised profits as a part of the IND AS profits of the Company</p> <p>The extent of realized profits out of its profits calculated as per IND AS shall be considered for determination of dividend for a particular year.</p> <p>Long Term Strategic Objectives of the Company as regards Financial Leverage</p> <p>The Board may exercise its discretion to change the percentage of dividend or to otherwise take decision of retention or distribution of profits where, the Company is planning to go for expansion, restructuring, reorganizing, diversification, investment, etc.</p> <p>Expectations of shareholders</p> <p>The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall consider the expectations of the shareholders of the Company who generally expects for a regular dividend payout.</p>
6	FINANCIAL PARAMETERS	<p>In addition to the aforesaid parameters the decision of dividend payout or retention of profits shall also be based on the following:</p> <p>Operating cash flow requirement of the Company: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the cash flow requirements of the Company while determining the dividend or retaining its profits.</p> <p>Magnitude of current year's earnings of the Company: Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.</p> <p>Net sales of the Company: To increase its sales in the long run, the Company will need to expand its manufacturing capacity as well as increase its sales, marketing, advertising expenses, etc. The amount outlay in such activities will influence the decision of declaration of dividend.</p>

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		<p>Return on invested capital: The efficiency with which the Company uses its capital.</p> <p>Cost of borrowings: The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the raising funds from alternative sources viz a viz plough back its own funds.</p> <p>Obligations to lenders: The Company should be able to repay its debt obligations without difficulty. The decision to pay dividend shall be done after considering outstanding debts, obligations of repayment (amount & period).</p> <p>Inadequacy of profits: If during any financial year, the Board determines that the profits of the Company are inadequate considering the above parameters, the Board may decide not to declare dividends for that financial year.</p>
7	FACTORS THAT MAY AFFECT DIVIDEND PAYOUT	<p>External Factors</p> <p>Macroeconomic conditions: Considering the current and future outlook of the economy of the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the global market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to meet the exigency during unforeseen circumstances.</p> <p>Taxation and other regulatory provisions: Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend. Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.</p> <p>Statutory Restrictions: The Board will keep in mind any restrictions on payment of dividends by virtue of any regulation or loan covenant, as may be applicable to the Company at the time of declaration of dividend.</p> <p>Internal Factors</p> <p>Product/ market expansion plan: The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders' expectation for the long run which shall have to be considered by the Board before taking dividend decision</p>

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		Working capital management in the Company: The current practice for the management of working capital within the Company also impacts the decision of dividend declaration.
8	TARGET DIVIDEND	The Company has adopted a progressive dividend policy, intending to maintain or grow the dividend each year. The Company shall endeavor to pay dividend upto 50% of profit after tax of the Company subject to the adequacy of profits and parameters laid down in the policy and applicable rules and regulations.
9	CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND	The Board shall consider the factors provided in this Policy, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company
10	MANNER OF DIVIDEND PAYOUT	The process of declaration and payment of dividends, subject to applicable regulations.
11	POLICY AS TO HOW THE RETAINED EARNINGS WILL BE UTILIZED.	<p>The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.</p> <p>The retained earnings of the Company may be utilized for:</p> <ul style="list-style-type: none"> • Long term strategic plans • New acquisitions & Investments • Product development and technological enhancements in order to grow the business; • Increase in production capacity • Diversification of business • Replacement/up-gradation/modernization of capital assets; • Investment plans in long term/short term strategic joint ventures and/or partnerships and/or subsidiary companies; • To retire expensive debt, if any; • Likelihood of crystallisation of any contingent liabilities, if any; • Leveraging requirements • Buy Back of Shares • Other requirements as the Board may deem fit from time to time. <p>The Board may decide to employ retained earnings in meeting the Company's future growth plans, other strategic purposes and/or distribution to shareholders, subject to applicable laws.</p> <p>The retained earnings shall be parked by way of cash, deposits, investments in short term and long term instruments, such as debt funds/mutual funds/Alternate Investment Funds/Equity and other</p>

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		securities as deemed prudent by the Operational and Finance Committee of the Board of Directors till the time the same are required to be deployed for the above purposes. The Optimization of returns from the retained earnings would be one of the most important driving factor for the Company.
12	PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES	<p>a. The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity shares 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.</p> <p>b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.</p> <p>c. 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.</p> <p>d. Dividend when declared shall be first paid to the preference shareholders of the Company, if any as per the terms and conditions of their issue.</p>
13	REPORTING AND DISCLOSURE	As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website.
14	AMENDMENT	The Managing Director, Joint Managing Director and the Chief Financial Officer of the Company shall be jointly/severally authorized to review and amend the Policy to the extent of any change/amendment required in terms of any applicable law. Such amended Policy shall be placed before the subsequent Board Meeting for noting and necessary ratification immediately after such changes. Any other changes apart from those required in terms of the statute, shall be made in consideration and approval of the Board.