



PRAJ INDUSTRIES LIMITED

Dividend Distribution Policy

1. PREAMBLE:

As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR Regulations), it is mandatory for top 500 listed entities, based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

This Policy sets out the circumstances and different factors for consideration by the Board at the time of taking decisions of distribution or retention of profits, in the interest of providing transparency to its shareholders.

Accordingly, the Board of Directors of the Company ("the Board"), in its meeting held on 25th May, 2022, has amended the Dividend Distribution Policy of the Company ('the Policy') which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

2. SCOPE:

This Policy applies to payment of interim and final dividend by the Company to its shareholders.

3. OBJECTIVE:

The objective of the Policy is to regulate dividend payment and a well-defined approach, dividend pay-out, keeping in view compliance with all applicable regulations.

4. DECLARATION OF DIVIDEND:

The Board reserves the right to declare interim dividend/ recommend final dividend to the shareholders during any financial year out of the surplus in the profit and loss account and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 2013 and the rules made thereunder

("Act"), including the Companies (Declaration and Payment of Dividend) Rules, 2014 ("Rules") and other applicable laws and conditions, as amended from time to time.

5. THE FACTORS CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND:

- The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable law including the provisions of the Companies Act, 2013, Rules and the SEBI LODR Regulations.

- The Board may not declare or recommend dividend for a particular period, if it is of the view that it would be prudent to conserve profits for the then ongoing or planned business expansion or other activities for the benefit of the Company.

- The Board may consider declaring interim dividends during the year. Additionally, the Board may recommend the final dividend for the approval of the shareholders at the annual general meeting.

- The dividend for any financial year shall be paid:
 - (a) out of the Company's profits for that year (arrived at after providing for depreciation in accordance with applicable law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of the Company); and / or
 - (b) out of accumulated profits of any previous financial year(s) in accordance with provisions of the Companies Act, 2013, Rules, Listing Regulations, and any other applicable law, as applicable.

- In the event of inadequacy or absence of profits in any year, if the Board considers appropriate, the Company may declare dividends out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves subject to the fulfilment of the conditions laid down in the applicable law.

6. FINANCIAL PARAMETERS CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board shall consider the following financial/ internal parameters while

declaring or recommending dividend to the shareholders of the Company:

- (a) Investment opportunities, i.e., opportunities for expansion and diversification into new projects, acquisitions and/or any other potential strategic actions that may help the Company grow.
- (b) Liquidity position of the Company.
- (c) Growth in earnings of the Company.
- (d) Restrictions in debt agreements, if any, executed with lenders in relation to the payment of dividends.
- (e) Track record of payment of dividend, historically.
- (f) State of the economy and nature of industry.
- (g) Macro-economic and business conditions in general; and
- (h) Current year profits and outlook in line with the development of internal and external environment.
- (i) Operating cash flows and treasury position.
- (j) Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
- (k) Providing for unforeseen events and contingencies with financial implications.

The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilization of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

7. UTILISATION OF RETAINED EARNINGS:

The Company maintains enough retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and

reduction of capital, and unanticipated and emergency expenditures. The Company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations, and any other applicable law.

8. AMENDMENTS:

The Board may, subject to applicable law, amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board, in line with the broad intent of this Policy, as and when required.

9. CHANGE IN LAW

In case of any subsequent changes in the provisions of the Companies Act, 2013 or further rules and regulations / guidelines including SEBI LODR Regulations, or any other regulations which make any of the provisions of this Policy inconsistent, the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in the Policy would be modified accordingly in due course to make it consistent with applicable laws.

10. DISCLAIMER

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

Date: 25th May, 2022

For Praj Industries Ltd.

**Dr Pramod Chaudhari
Executive Chairman**