

PUNJAB ALKALIES AND CHEMICALS LIMITED

DIVIDEND DISTRIBUTION POLICY

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DIVIDEND DISTRIBUTION POLICY

INTRODUCTION:

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the Board of Directors of the top 1000 listed entities based on market capitalization to formulate a Dividend Distribution Policy.

The Company became one of the top 1000 listed entities as per market capitalization as on 31st March, 2022 and as per requirement of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Dividend Distribution Policy which is approved by Board of Directors in its meeting held on 1st August, 2022

OBJECTIVE AND SCOPE:

- a) To maintain fairness, transparency, consistency and sustainability in distributing profits to the members of the Company.
- b) To ensure enhancement in wealth of members.
- c) To regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of the Companies Act, 2013 and Rules framed there under.
- d) The intent of the Policy is to broadly set out the circumstances and different factors i.e. internal and external including financial parameters for consideration by the Board while declaring dividend or of retention of profits and the circumstances under which the shareholder of the company may not expect any dividend, in the interest of providing transparency to the shareholders.
- e) The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other relevant factors by the Board.

STATUTORY REQUIREMENTS:

The Board while taking decision of a dividend payout during a particular financial year, will comply with the statutory requirements including the Companies Act, 2013 and rules made thereunder. Further, the Board of Directors will also take a decision to declare/recommend dividend after taking into account the Profits of the Company after providing depreciation as per the provisions of the Companies Act, 2013 and after transferring to the reserves such amount as may be required under Law and/or as may be considered appropriate by the Board.

CATEGORY OF DIVIDENDS:

The Companies Act provides for two forms of Dividend- Final & Interim.

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company.

The Board of Directors shall have the absolute power to declare interim dividend (one or more times)

during the financial year in line with this Policy, as and when they consider it fit and based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items .

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

- i. Whenever the Company undertakes or proposes to undertake expansion project / plan which requires significant amount of capital investments;
- ii. When the Company undertakes any acquisition or joint venture or restructuring;
- iii. When the Company plans to utilise surplus cash for buy-back of its securities;
- iv. When the Company plans to build-up its reserves for future business plans;
- v. Circumstances which affect the free cash flow position of the Company;
- vi. In the event of absence of profits or inadequacy of profits;
- vii. Such other factors as the Board may consider appropriate to declare or not to declare the dividend.

INTERNAL AND EXTERNAL FACTORS:

The Board decision in respect of dividend payout or retention of profits will, inter-alia, be based on the following factors:

I. Internal Factors

- i. Profits earned during the year and profits available for distribution;
- ii. Operating cash flow of the Company;
- iii. Past performance and dividend history of the Company;
- iv. Return on capital invested;
- v. Earnings per Share;
- vi. Capital expenditure requirements for future expansion plans / projects of the Company;
- vii. Additional investments in subsidiaries / associates;
- viii. Resources required for acquisition of business / brand or joint venture formation;
- ix. Provisions for contingencies;
- x. Cost of borrowings and outstanding loans;
- xi. Any other factors as may be deemed fit by the Board.

II. External Factors:

- i. Economic environment;
- ii. Global conditions;
- iii. Statutory provisions;
- iv. Taxation and other regulatory matters.

MANNER OF UTILIZATION OF RETAINED EARNINGS:

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. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- i. Strategic and long term plans of PACL
- ii. Diversification & expansion opportunities;
- iii. Revamp of ageing plants and for achieving better energy efficiency;
- iv. Non-fund based need of PACL, its Subsidiary and Joint Ventures which may require PACL to have healthy consolidated balance sheet;
- v. Any other criteria which the Board of PACL may consider appropriate.

PARAMETERS ADOPTED WITH REGARD TO CLASS OF SHARES:

The company has only one class of shares viz. equity shares having face value of R. 2/- each and declares dividend on per share basis on such shares. The policy will be revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

MODIFICATIONS /AMENDMENT TO THE POLICY

This Policy will be subject to modification in accordance with the guidelines / clarifications as may be issued by the Regulatory Authorities. The Board of Directors shall review the Policy periodically and may amend the same from time to time, as may be deemed necessary.

DISCLAIMER:

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in any year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.
- b) Having regard to the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward looking statements in the policy.
