

DIVIDEND DISTRIBUTION POLICY**(As approved by the Board of Directors on 10th August 2021)****[Effective Date – 10th August 2021]****1. PREAMBLE**

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 43A requires top one thousand listed entities based on market capitalisation as on 31st of March every financial year, to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

The Board of Directors (the "Board") of Pricol Limited (the "Company"), has adopted this Dividend Distribution Policy ("**Policy**"), as the Company being one of the Top 1000 listed entities based on market capitalisation for the Financial Year ended March 31, 2021 has formulated this Dividend Distribution Policy "Policy".

2. APPLICABILITY

This Policy applies to declaration of interim dividend and recommendation of dividend on the Equity shares of the Company to its shareholders.

Dividend, other than interim dividend, for a financial year shall be paid after the annual financial statements of the Company are finalised and the distributable profits is available. Above is, 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"), Listing Regulations and other applicable laws and conditions.

3. OBJECTIVE

The objective of the Policy is to ensure regularity of dividend payment, wealth maximization of the shareholders and consistent approach to dividend pay-out, by laying down the criteria and parameters that are to be considered by the Board of Directors of the Company, while deciding on the declaration / recommendation of Dividend from time to time.

4. PARAMETERS

This Policy lays down the parameters to be considered by the Board for declaration of dividend from time to time which are as follows:

- a) the circumstances under which the shareholders of the Company may or may not expect dividend;
- b) the financial parameters that are considered by the Company for declaration of dividend;
- c) internal and external factors that shall be considered for declaration of dividend;
- d) policy as to how the retained earnings shall be utilized by the Company; and
- e) parameters that shall be adopted with regard to various classes of shares:

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

The Board may declare interim dividend(s) during the year. Board may also recommend final dividend for the approval of the shareholders at the annual general meeting.

Shareholders may not expect dividend, in the event of the following:

- a) Inadequacy or absence of profits in any year
- b) Due to any of the Internal / External factors mentioned hereunder.

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

6.1 FINANCIAL / INTERNAL PARAMETERS

- a) Profitability
- b) Working capital & Capex requirements
- c) Liquidity position of the Company;
- d) Debt reduction
- e) Investment & Acquisition opportunities, any other potential strategic actions for the growth of the Company;
- f) Investment requirements of Subsidiary(s) / Associate(s) of the Company.
- g) Contingency requirements;
- h) Track record of payment of dividend, historically;
- i) Any other factors that may be considered by the Board as relevant before declaring / recommending dividend.

6.2 EXTERNAL FACTORS

- a) Business Environment
- b) Economic situation
- c) Statutory provisions
- d) Taxation Laws

7. DIVIDEND PAYOUT

Dividend (Interim and Final) payout for a Financial Year, shall not exceed the Least of **(A)** and **(B)**, subject to above parameters.

A) Dividend payout for a Financial Year, to be the average of the following:

- 1) 30% of Profit After Tax. (PAT).
- 2) 5 years Government Bond Rate After Tax Yield on average of net worth during a financial year.
- 3) Bank Fixed Deposit Interest Rate on 1 year deposit after tax yield on average market price of share during a financial year.

B) Total outflow of dividend inclusive of dividend tax, if any, not to exceed 1/3rd of Profit After Tax (PAT).

8. UTILISATION OF RETAINED EARNINGS

The Company maintains sufficient amount of retained earnings and utilize the same in a manner which is beneficial to the interest of Company and its stakeholders. Retained earnings may be utilized for any of the following:

- a) Working capital, Capex
- b) Future growth, expansion, acquisition or any strategic activities
- c) Corporate actions, such as, buyback of shares, Issue of Bonus shares, reduction of capital etc.
- d) Unanticipated and emergency expenditures.
- e) Such other purposes as are within the provisions the Act, Rules, Listing Regulations and any other applicable law.

9. 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 and/ or administrative committee of the Board, in line with the broad intent of this Policy, as and when required.

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.

11. CHANGE IN LAW

In case of any subsequent changes in the provisions of the Act or further rules and regulations / guidelines from the Securities and Exchange Board of India including the Listing Regulations or any other regulations which makes any of the provisions of this Policy inconsistent, then 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.
