



Prakash Industries Limited

DIVIDEND DISTRIBUTION POLICY

Introduction

The Securities Exchange Board of India vide its Notification No.SEBI/LAD-NRO/GN/2021/22 dated 5th May, 2021, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the amendment of Regulation 43 A, mandating the formulation of a Dividend Distribution Policy for the top 1000 Listed entities on their market capitalization calculated on 31st March, of every financial year, which shall be disclosed in its Annual report and on its website.

Accordingly, the Board of Directors (“the Board”) of the Prakash Industries Limited (“the Company”) has approved this Dividend Distribution Policy (“the Policy”) of the Company at its meeting held on 30th June, 2021, to provide for long term capital appreciation for all stakeholders of the Company.

A. General Guidelines for Distribution of Dividend

- (i) The Company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder, and any amendment made thereto
- (ii) The Board shall not recommend dividend if it is of the opinion that it is financially not prudent to do so.
- (iii) If the Company proposes to declare dividend on the basis of parameter in addition to those covered in this policy or proposes to change such additional parameter or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

B. Circumstances under which the Shareholders may or may not expect Dividend

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the growth plans of business.

The Equity shareholders of the Company may expect dividend only if the Company is having surplus funds and after taking into consideration relevant internal and external factors (enumerated in Para D of this Policy) for declaration of dividend.

In The Shareholders of the Company may not expect dividend in the following circumstances subject to discretion of the Board of Directors:

- (i) the event of loss or adequacy of profit
- (ii) Adverse market conditions or regulatory constraints
- (iii) Proposal for buy-back of securities
- (iv) Specific need to conserve resources in view of any proposed large capital allocation for expansion and M & A activities

C. Financial Parameters that shall be considered while declaring dividend

The following parameter shall be considered before declaration of dividend:

- 1. Income and profitability parameter
- 2. Other Financial parameters:
 - (a) Working capital requirement
 - (b) Cost of raising funds
 - (c) Reinvestment opportunities

D. Internal and External Factors that shall be considered for declaration of dividend

External Factors:

- i. Economic & Industry outlook
- ii. Growth outlook
- iii. Statutory/regulatory Restrictions
- iv. Covenants with Lenders

Internal Factors:

Apart from the various external factors, the Board will take into account of following various internal factors while declaring the dividend:

- i. Profits earned during the year
- ii. Present and future Capital requirements of the existing businesses
- iii. Business Acquisitions
- iv. Expansion/Modernization of existing businesses
- v. Availability of external finance and relative cost of external funds
- vi. Additional investments in subsidiaries/ associates/ joint ventures of the Company, if any
- vii. Restrictions in Loan agreement
- viii. Any other factor as deemed fit by the Board.

E. Policy as to how the retained earnings shall be utilized

Retained Earnings may be utilized for Capital Expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purpose, Coal Mines & Iron Ore mines acquisition and its development & other allied expenditure or it can be distributed to shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

F. Parameters that shall be adopted with regards to various class of shares:

i. Dividend on Equity Shares

Equity Shareholders shall be entitled for the dividend, interim or final, as the case may be, if declared by the Board of Directors and approved by the Shareholders of the Company. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders, if any.

ii. Dividend on Preference Shares

At present, the Company has no Preference shareholders. However in case of any Preference shareholding, Preference shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of Cumulative preference shares, if the Company is not having distributable profits for any financial year or the Company is not able to pay the dividend, then this shall be accumulated and be paid later on in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

The parameter mentioned at Clause A to E in this policy shall not apply to determination and declaration of dividend on preference shares, issued by the Company, as the same will be as per terms of issue of such preference shares.

G. Amendments

The Board may at any point of time amend, modify or review this policy in whole or in part, as may deem necessary

H. Disclosure

This Policy, as approved by the Board of Directors, at its meeting held on 30th June, 2021 shall be disclosed in the Annual Reports and hosted on the website of the Company, www.prakash.com