



**PUNJAB CHEMICALS
AND CROP PROTECTION LTD.**

DIVIDEND DISTRIBUTION POLICY

CIN NO.: L24231PB1975PLC047063

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The Board of Directors (the “Board”) of PUNJAB CHEMICALS AND CROP PROTECTION LIMITED (the “Company”) has adopted the “**Dividend Distribution 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 27th May, 2021 in line with amendment in Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 dated 5th May, 2021.

Regulation 43A of SEBI LODR mandates the Board of Directors of the top 1000 listed entities based on market capitalization to formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and on the website of such listed entities.

1. APPLICABILITY AND EFFECTIVE DATE OF THIS POLICY:

This Policy shall be applicable to the Company with effect from the date of its approval by the Board, i.e. 27th May, 2021.

This Policy shall not apply to –

- a. Determination and declaring dividend on preference shares, if any, to be issued by the Company at a later date, as the same will be as per the terms of issue to be approved by the shareholders;
- b. Distribution of dividend in kind i.e. Issue of bonus shares or other securities by the Company;
- c. buyback of equity shares.

2. OBJECTIVES OF THIS POLICY:

2.1 To maintain fairness, consistency and sustainability in distributing profits to the members of the Company.

2.2 To ensure enhancement in wealth of members.

2.3 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.

2.4 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.

3. 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.

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

- a. Cash flow is adversely affected due to working capital requirements;
- b. Significantly high capital expenditure or fresh acquisition is anticipated requiring more cash for the same;
- c. Buy-back of securities, which will affect the cash flow;
- d. The company's profits are inadequate, or it has incurred losses;
- e. Such other factors as the Board may consider appropriate to declare or not to declare the dividend.

5. PARAMETERS AND INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Operating cash flows required to meet various business needs;

- a. Working Capital requirements;
- b. Current year profits and future outlook in line with the development of internal and external environment;
- c. Accumulated Reserves including retained earnings;
- d. Capital expenditure requirements for future expansion plans / projects of the Company;



- e. Outstanding loans; need to pay back and the cost of loans and Contractual restrictions;
- f. Past performance and dividend history of the Company and Comparative dividend payment by other industry players;
- g. Mandatory transfer of Profits earned to specific reserves such as Debenture Redemption Reserve, etc.
- h. External factors such as Prevailing legal requirements, regulatory / statutory provisions, global conditions, etc. and other economic condition and taxation requirements;
- i. Growth plans both Organic and Inorganic.

6. UTILIZATION OF RETAINED EARNINGS

Retained Earnings shall be utilized by the Company to undertake corporate actions as approved by the Board, which will strengthen the Company's financial position, stakeholders value in accordance with the applicable laws and regulations. The general principle shall be as follows:

One third to be retained for improving the current operations

One third to be for investment into the future needs including research and development of new products and businesses

One third to be distributed to the stakeholders, who have invested their funds.

7. PARAMETERS ADOPTED WITH REGARD TO CLASS OF SHARES

The company has only one class of shares viz. equity shares having face value of R. 10/- 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.

8. MANNER AND TIMELINES FOR DIVIDEND PAYOUT

The Board considers and recommends dividend at the time when it considers annual financial statements. The dividend recommended by the Board is subject to approval by the members in the Annual General Meeting.

The Board has authority to declare interim dividend(s) as it may deem fit and appropriate subject to the provisions of the Companies Act, 2013 and other applicable laws.



9. 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.

10. DISCLOSURE REQUIREMENT UNDER SEBI LODR

The Company shall disclose this Policy on the Company's website at www.punjabchemicals.com and a web link thereto shall be provided in the Board's Report.

11. 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.