



PRAJ INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

Versions of the policy			
Sr. No.	Particulars	Board approval date	Effective date
1.	Initial adoption	25 th May, 2022	25 th May, 2022
2.	1 st amendment (current version)	5 th November, 2025	5 th November, 2025

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1. PREAMBLE:

The Board of Directors (the "**Board**") of Praj Industries Limited (the "**Company**"), has adopted this Dividend Distribution Policy ("**Policy**") in accordance with the requirements prescribed under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("the **Listing Regulations**").

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.

2. OBJECTIVE:

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for Company's growth. The Policy also lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time. Through this Policy, the Company would endeavor to maintain a consistent approach to Dividend Pay-out plans.

3. PARAMETERS CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board shall consider the following parameters while declaring or recommending dividend to the shareholders of the Company:

A. Financial/Internal Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- i. Consolidated and Standalone profit after tax and net operating profit after tax;
- ii. Working capital requirements;
- iii. Capital expenditure requirements;
- iv. Investment opportunities;
- v. Resources required to fund acquisitions and / or new businesses, diversification of business, expansion/ modernization plans, long term strategic plans;
- vi. Operating Cash flow required to meet contingencies;
- vii. Cost of borrowings vis-à-vis cost of capital, Outstanding borrowings;
- viii. Past Dividend Trends;



- ix. Obligations to Lenders, if any;
- x. Any other criteria as the Board may deem fit from time to time.

B. External Factors

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- i. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- ii. Dividend pay-out ratios of companies in the same industry;
- iii. Emerging trends in financial market; and
- iv. Industry growth rate.
- v. Macroeconomic conditions

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

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

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

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- the Company has significantly higher working capital requirement affecting free cash flow;
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.



5. UTILISATION OF RETAINED EARNINGS:

The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification or it can be distributed to shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as Dividend after having due regard to the parameters laid down in this Policy.

6. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

Presently, the authorised, the issued and the paid-up share capital of the Company comprises only equity shares of face value of Rs. 2/- each.

The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

7. PROCEDURE:

A. Interim Dividend:

1. Interim dividend can be declared by the Board of Directors during the financial year. There can be multiple Interim dividends during a financial year.
2. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
4. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

B. Final dividend:

1. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.



2. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

8. DISCLOSURE:

The Policy shall be disclosed on the website of the Company i.e. at www.praj.net and a web-link shall also be provided in the Annual Report of the Company.

9. REVIEW & AMENDMENT OF THE POLICY:

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

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.

For Praj Industries Ltd.

Sd/-

Dr Pramod Chaudhari
Chairman

Date: 5th November, 2025