

DIVIDEND DISTRIBUTION POLICY
(effective w.e.f. 2nd February, 2024)

1. Regulatory Framework

This Policy ("Policy") of Dhanuka Agritech Limited ("Company") has been prepared and adopted in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). The Board of Directors of the Company has formulated this Dividend Distribution Policy ('Policy') to maintain a consistent approach to dividend pay-out plans of the Company.

2. Objectives

- i. To specify the parameters (including both, internal and external factors) that shall be considered while declaring the dividend.
- ii. To lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- iii. To provide the manner of utilization of retained earnings of the Company.
- iv. To maintain fairness, consistency and sustainability in distributing profits to the Shareholders of the Company.
- v. To ensure enhancement in wealth of the Shareholders of the Company

3. Parameters/ Factors to be considered by the Company while declaring Dividend

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

(A) Financial Parameters / Internal Factors:

- (i) Surplus funds available with the Company;
- (ii) The Company's liquidity position and future cash flow requirements
- (iii) Track record of Dividends distributed by the Company;
- (iv) Taxation Policy as on date or any amendments expected thereof, with respect to Dividend distribution;
- (v) Capital expenditure requirements considering the expansion and acquisition opportunities;
- (vi) Cost and availability of alternative sources of financing;
- (vii) Macroeconomic and business conditions in general;
- (viii) Any other factor as deemed fit by the Board of Directors.

(B) External Factors:

- (i) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- (ii) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, Companies Act, 2013 and SEBI Regulations etc.;

- (iii) **Capital Markets:** In favorable market scenarios, the Board may consider for liberal payout. However, it may resort to a conservative dividend payout in case of unfavorable market conditions.

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

There may be certain circumstances under which the shareholders of the Company may not expect Dividend including the following:

- (i) The Company has sufficient avenues to generate significantly higher returns on such 'surplus' than what a common shareholder can generate himself;
- (ii) The Company is in higher need of funds for acquisition/diversification/expansion/investment opportunities/deleveraging or capital expenditures;
- (iii) Cash flow is adversely affected due to working capital requirements
- (iv) The Company proposes to utilize surplus cash in its entirety for alternative forms of distribution such as buy-back of securities etc.; or
- (v) The Company has incurred losses or is in the stage of inadequacy of profits.

5. Manner of utilization of Retained Earnings

The profits retained by the Company (i.e. retained earnings) shall either be used for business purposes/ objects mentioned in its Memorandum & Articles of Association of the Company or shall be distributed to the Shareholders.

The decision of utilization of the retained earnings of the Company shall be based on factors like strategic and long-term plans of the Company, diversification, government regulations with regard to the issue of Bonus shares, Buy-back of shares, and any other criteria which the Board may consider appropriate.

6. Parameters with regard to various classes of Shares

Presently, the issued and Paid-up Share Capital of the Company comprises of Equity Shares only. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

7. Interim Dividend

- (i) The Board of Directors of a Company shall declare an Interim Dividend during any Financial Year or at any time during the period from the closure of the Financial Year till the holding of the Annual General Meeting.
- (ii) The Board of Directors shall declare such Interim Dividend out of the surplus in the P&L Account or out of profits of the Financial Year for which such interim dividend is sought to be declared or out of the profits generated in the Financial Year till the quarter preceding the date of declaration of the Interim Dividend.
- (iii) In case of loss incurred by the Company during the current Financial Year up to the end of the quarter immediately preceding the date of declaration of interim dividend, the rate of Interim Dividend cannot be higher than the average dividends declared by the Company during the immediately preceding three Financial Years.

8. Change in Parameters for distribution of Dividend

If the Company proposes to declare Dividend on the basis of parameters in addition to those stated in this Policy or proposes to change such additional parameters or the 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.

9. Disclosure

This policy shall be disclosed in the Annual Report and is disclosed on the website of the Company.

10. Policy Review and Amendment

Vice Chairman & Managing Director, Chief Financial Officer, and Company Secretary are jointly authorized to amend any provisions of this Policy to give effect to any change/ amendment notified by the Ministry of Corporate Affairs, Securities and Exchange Board of India, or any other regulatory authority, from time to time. Such change(s)/ amended policy shall be placed before the Board of Directors for adoption and ratification.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Companies Act, 2013, SEBI Listing Regulations and/ or any other applicable law for the time being in force, the latter shall prevail.

Words and expressions used in this Policy shall have the same meaning as prescribed to them in SEBI Listing Regulations, SEBI Act, Companies Act, 2013, rules & regulations made thereunder and/ or any other law applicable to the Company for the time being in force.