



DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021]

BACKGROUND

As per SEBI (Listing Obligations and Disclosure Requirements Requirements) (Second Amendment) Regulations, 2021 notified on 5th May 2021, the top 1000 (One Thousand) listed Companies based on market capitalization (calculated as on 31st March every year) need to formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and on the website of the Company.

N R Agarwal Industries Limited is amongst the top 1000 listed entities as per the market capitalization criteria and has accordingly formulated its Dividend Distribution Policy.

The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

References to any statute, provision, clause or regulation include references to any subsequent changes to that statute, provision, clause or regulation or re-enactments thereof.

PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

To lay down a broad framework for consideration of the Board while declaring/ recommending Dividends to its shareholders and/ or retaining or plough back of its profits.

To set out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company.

Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.



SITUATIONS UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that to conserve capital would be in the interest of the Company.

FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

While determining the nature and quantum of the dividend payout the Board would take into account the following factors: Financial Parameters and Internal Factors

- Current year's profit/ Inadequacy of profit.
- Internal Budgets.
- Cash flow position of the Company.
- Accumulated reserves.
- Distributable surplus available as per the various Acts and Regulations.
- The Company's liquidity position including its working capital requirements and debt servicing obligations.
- Return on invested capital.
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals.
- Brand acquisitions; Contingencies and unforeseen events with financial implications.
- Cost of Borrowings.
- Stipulations/ Covenants of loan agreements.
- The ratio of debt to equity (at net debt and gross debt level).

External Factors

- Changes in the Government policies, industry specific rulings & regulatory provisions.
- Industry Outlook or Macro- economic conditions and any changes therein.
- Cost and availability of alternative or external sources of financing.
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution.
- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve.
- Inflation rate.
- Business cycles.
- Political instability, unforeseen circumstances / various calamities.
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

Board may also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend.

UTILISATION OF RETAINED EARNINGS

- The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.
- The decision of utilization of the retained earnings of the Company would be based on factors including but not limited to the following:
 - Expansion/modernization/acquisition plan.
 - Working Capital/Capital Expenditure requirements.
 - Expensive cost of debt.
 - General corporate purposes, including contingencies
 - Other such criteria as the Board may deem fit from time to time.

FORMS OF DIVIDENDS

- Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

- Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

BASIS FOR DECLARATION

The dividend will be declared on per share basis only.

CLASSES OF SHARES

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Rs.10 each. The Company currently has no other class of shares.

Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

NON-APPLICABILITY OF THE POLICY

The Policy shall not apply to:

- Determination and declaring of dividend on preference shares as the same will be as per the terms of issue approved by the shareholders.
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law.
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.



CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

AMENDMENTS

The Board may, from time to time, make amendments to this Policy as deemed fit, due to change in applicable laws and regulations. The policy may be reviewed periodically by the Board.

The policy is available on the Company's website and the link to the policy is: http://nrail.com/company_policies.html