



DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

As per Regulation 43A of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), prescribed listed companies based on market capitalization, are required to formulate a 'Dividend Distribution Policy', which shall be disclosed on the website of the listed entity and a web-link to be provided in the Annual Report. This Policy will regulate the process of dividend declaration and its pay-out by Gujarat Narmada Valley Fertilizers & Chemicals Limited (hereinafter referred to as "the Company") in accordance with the provisions of Companies Act 2013, read with the applicable Rules framed thereunder, as may be in force for the time being and as per Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time or any reenactment thereof.

OBJECTIVE AND SCOPE

The intent of the policy is to broadly specify the internal and external factors, including financial parameters that shall be considered while recommending the dividend and the circumstances under which the shareholders of the Company may or may not expect dividend, etc.

DEFINITIONS

In the Policy, unless the context otherwise requires:

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Applicable Laws" shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

"Board" or "Board of Directors" means the collective body of the Directors of the Company.

"Company" means Gujarat Narmada Valley Fertilizers & Chemicals Limited.



“**Dividend**” means dividend on equity shares of the Company and includes interim dividend.

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time or any reenactment thereof.

“**Policy**” means this Dividend Distribution Policy of the Company.

All the words and expression used in this Policy, unless defined in the Policy, shall have the same meaning respectively assigned to them under the Applicable Laws.

EFFECTIVE DATE AND APPLICABILITY

This Policy shall be effective from the date of its adoption by the Board.

The Policy shall not be applicable in the following circumstances:

- Determination and declaring dividend on preference shares, if any;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable laws;
- Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

STATUTORY REQUIREMENTS

The Board of Directors shall recommend the dividend as per the Policy, in compliance with the provisions of the Companies Act, 2013, Rules made thereunder and other applicable laws, if any.

Further, the Board of Directors of the Company will consider the recommendation of dividend for any financial year after taking into account the profits of the Company and after transfer of such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

The Board of Directors may declare interim dividend, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, during any financial year, out of the surplus in the profit and loss account and out of profits of the financial year, in which such interim dividend is sought to be declared.



FINANCIAL PARAMETERS / INTERNAL AND EXTERNAL FACTORS FOR DECLARATION OF DIVIDEND

The decision of dividend payout or retention of profits by the Board shall, inter-alia, depend, including but not limited to the following financial parameters / internal and external factors:

Financial Parameters:

- i) Quantum of anticipated capital expenditure;
- ii) Magnitude of realized profits;
- iii) Operating cash flow and liquidity;
- iv) Investment opportunities;
- v) Capacity to service interest / principal (borrowings);
- vi) Cost of borrowings vis-à-vis cost of capital;
- vii) Sales volume;
- viii) Anticipated expenses;
- ix) Financial ratios (e.g. EPS-post dividend), etc.

Internal & External Factors:

- i) Cash flow position of the Company;
- ii) Stability of earnings;
- iii) Cost of borrowings;
- iv) Number of shareholders;
- v) Future growth plans / strategies / capital expenditure, etc.;
- vi) Past dividend trends;
- vii) Over-all economic / regulatory environment including tax laws;
- viii) Macro-economic conditions / Industry outlook and stage of business cycle for underlined business;
- ix) Dividend payout ratios of companies in same industries;
- x) Government Guidelines;
- xi) As may be directed by the Promoter(s) of the Company from time to time;
- xii) Any other contingency plans.



CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect dividend under the following circumstances:

- i) Inadequacy of profits or losses – If during any financial year, the Board determines that the profits of the Company are inadequate or the Company has incurred losses, the Board may decide not to declare dividends for that financial year;
- ii) Any other circumstances / factors which the Board may consider appropriate in the best interest of the Company and the shareholders.

MANNER OF UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of available funds and increase the value of stakeholders in the long run. The decision of utilization of retained earnings of the Company shall be mainly based on the following factors:

- Strategic and long term plans;
- Diversification & expansion opportunities;
- Revamp of ageing plants and for achieving better energy efficiency;
- Non-fund based need of the Company, its Subsidiary and Joint Ventures which may require to have healthy consolidated balance sheet;
- Any other criteria which the Board may consider appropriate.

PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has presently issued only one class of shares i.e. Equity Shares with equal voting rights. The Policy shall be suitably revisited at the time of issue of any new class of shares, subject to the provisions of the Companies Act, 2013 and other applicable laws prevailing from time to time.

AMENDMENT

The Board of the Company shall have the authority to amend or modify this Policy to align with any amendments made to the Act and rules made thereunder or Listing Regulations or applicable Accounting Standards or such other circulars, SOP, guidelines or regulations issued by SEBI or any other statutory authority.



In the event of any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws then this Policy shall stand modified to the extent applicable.

In the event of inconsistency of this Policy with any statutory provisions, then the relevant provisions of such applicable law shall prevail upon the provisions of this Policy.

CAUTIONARY STATEMENT

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. The Company shall pursue this Policy to pay dividend, subject to the circumstances and factors enlisted here-in-above, which shall be consistent with the performance of the Company over the years.

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(The original Policy was approved by the Board of Directors in its Meeting held on 29-05-2017, which was revised by the Board of Directors in its Meeting held on 13-08-2024)