



AHLUWALIA CONTRACTS (INDIA) LIMITED

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ((hereinafter referred to as ' Listing Regulations'), which requires top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy ("Policy") which shall be disclosed in their annual reports and on their websites.

The **(ACIL) Ahluwalia** ('Company') being one of the top 500 listed Companies as per the market capitalization as on the last day of the immediately preceding financial year, has formulated this Dividend Distribution Policy (hereinafter referred to as 'Policy'), to comply with the Listing Regulations.

Purpose

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend

This Policy defines conditions to be considered by the Board for recommending / paying a dividend to the shareholders of the Company. The Board of Directors will recommend any interim / annual dividend based on this Policy, applicable laws, as well as any specific financial or market conditions prevailing at the time. The Company has a consistent dividend policy for "distribution of upto 40% of consolidated profit as dividend and the Board may decide higher dividend in special and exceptional circumstances".

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be future growth and long term interests of the Company as well as its shareholders. Accordingly, the Board would continue to adopt a progressive dividend.

Authority:

This Policy has been adopted by the Board of the Company at its meeting held on 14-08-2020. The policy shall also be displayed in the Annual Report and also on the website of the Company.

Circumstances under which shareholders may or may not expect Dividend

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors (as mentioned elsewhere in this policy) and accordingly declare dividend in any financial year. The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory



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requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations as amended from time to time, other SEBI regulations and any other regulations as may be applicable from time to time.

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

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Significant cash flow requirements towards higher working capital requirements / tax demands / or others , adversely impacting free cash flows;
- An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities;
- Any of the internal or external factors restraining the Company from considering dividend.

Financial parameters and other internal and external factors that would be considered for declaration of dividend:

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

- Current year's Profit/ Inadequacy of profit
- Accumulated reserves
- Distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital market scenario
- Shareholders expectations
- Government Policies
- Macro- economic conditions
- Stipulations/ Covenants of loan agreements
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Payout ratios considering probabilities of its consistency in coming time
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

Utilization of retained earnings



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The Company shall maintain the retained earnings sufficient to address the financing of working capital, capital expenditure, other corporate actions, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and other such specific purposes duly approved by the Board of Directors. The Company shall endeavor to utilize the retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

Parameters with regard to various classes

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

Conflict in policy

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations will prevail.

Modification of the Policy

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc. Any revisions in the Policy will be communicated to shareholders in a timely manner.

Review and Disclosure of Policy

The Board may review the Dividend Distribution Policy of the Company periodically. The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website www.acilnet.com.