

# **NILKAMAL LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

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# **Dividend Distribution Policy**

## **Preamble and Objective:**

This Dividend Distribution Policy (“Policy”) has been framed in accordance with the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the Listing Regulations’).

The purpose of this Policy is to provide a framework for the Board of Directors of Nilkamal Limited (“the Company”) to determine the declaration and distribution of dividends, including interim dividends. The objective of the Policy is to ensure a balanced approach between the distribution of profits to shareholders and the retention of earnings for funding future growth, capital expenditure, and other business requirements of the Company.

Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans.

## **Declaration of Dividend:**

The Company may declare dividends out of the profits of the current or previous financial years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy subject to compliance with the applicable provisions of the Companies Act, 2013 (‘the Act) and rules made thereunder and the Listing Regulations as amended from time to time. The Board may also declare interim dividends as may be permitted by the Act and Listing Regulations.

## **Determining factors:**

This Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or retention of profits, in the interest of providing transparency to the shareholders, which are as below:

### **I. Financial Parameters / Internal factors:**

The Board shall generally consider the following factors while declaring dividend:

- i) Profits earned during the year;
- ii) Retained earnings;
- iii) Operating cash flows;
- iv) Projected capital investments;
- v) Debt-equity ratio of the Company;
- vi) Debt obligations of the Company;

- vii) Present & future working capital requirements of the businesses;
- viii) Expansion/Diversification/ Modernization of businesses;
- ix) Additional investments in subsidiaries / associates of the Company or other external businesses;
- x) Investments in new business;
- xi) Long term strategic plans or growth opportunities;
- xii) Earning outlook over a period of 3 to 5 years;
- xiii) Brand/ Business Acquisitions;
- xiv) Extraordinary/ exceptional incomes and extraordinary/ exceptional charges;
- xv) Arrangements with financial institutions /lending institutions etc.;
- xvi) Provisioning for financial implications arising out of unforeseen events and/or contingencies;
- xvii) Any other factor as deemed fit by the Board.

## **II. External factors:**

In addition to internal financial considerations, the Board shall also evaluate certain external factors while determining dividend payout. External factors that would generally be reckoned in declaring dividend are:

- i) Taxation and other regulatory provisions and their impact;
- ii) Micro and macro-economic conditions;
- iii) Industry Outlook for future years;
- iv) State of Capital Markets and economic conditions impacting cash flow.

This Policy shall not apply to the following:

- i) Buyback of equity shares;
- ii) Issue of fully or partly paid bonus shares or other securities.

### **Circumstances under which the shareholders may or may not expect dividend:**

While the Company endeavors to maintain a consistent approach to dividend payments, the dividend payout in any financial year shall depend upon the financial performance and strategic priorities of the Company.

Shareholders may reasonably expect dividend payments when the Company generates sustainable profits and adequate cash flows, and when the Company's capital expenditure and strategic investment requirements are within manageable limits. However, the Board may decide to retain a larger portion of profits and reduce or refrain from declaring dividend in certain circumstances.

Such circumstances may include situations where the Company undertakes significant capital expenditure, expansion projects, acquisitions, or strategic investments that require substantial funding. Dividend may also be reduced or not declared in cases where the Company experiences inadequate profits, losses, liquidity constraints, or adverse economic or industry conditions.

Further, the Board may also recommend/ declare lower or no dividend in case they have made a decision whereby the shareholders have been rewarded by a corporate action such as issue of bonus shares, buy-back of shares, etc.

**Manner of utilization of retained earnings:**

The Company shall consider the decision of utilization of retained earnings based upon the below factors:

- i) Requirement towards maintainable capital expenditure, expansion, working capital, etc.
- ii) Market/Product expansion;
- iii) Organic and/or inorganic growth;
- iv) Business strategy plans for the long run;
- v) Mitigating dependence on external debts;
- vi) Financial leverage;
- vii) Buyback of shares;
- viii) Other factors as the Board may deem fit from time to time;
- ix) Any other permitted usage as per the Companies Act, 2013.

**Dividend range:**

Subject to the considerations outlined in this Policy and the applicable provisions of law, the Company shall endeavor to maintain a dividend payout ratio in the range of 15% to 40% of Profits After Tax (PAT) on standalone financials. The Board may also declare interim dividend(s) during the financial year based on the financial performance and cash flow position of the Company.

The Board may amend the payout range, whenever considered appropriate by it, keeping in mind the aforesaid factors. The Board may also consider paying a Special dividend under certain circumstances such as extra ordinary profits, if any, a mile stone in the journey of the Company, etc.

**Provision with regards different classes of shares:**

The Company currently has only one class of shares namely equity share. In the event Company issues any other class of shares in the future, this Policy shall be modified suitably for stipulating the parameters for distribution of dividend in respect of such classes of shares in accordance with the applicable provisions of law.

**Disclaimer:**

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

**Review and Amendment:**

This Dividend Distribution Policy shall be subject to modification in accordance with any applicable laws, regulations or regulatory guidelines. In the event of any inconsistency between this Policy and prevailing legal requirements, the applicable law shall supersede, and the Policy shall be suitably amended to ensure compliance. The Board of Directors may review and revise this Policy at its discretion, as and when deemed necessary, to reflect changes in business circumstances, economic conditions, or regulatory developments.