

# **NCL INDUSTRIES LIMITED**

## **Dividend Distribution Policy**

**(Adopted by the Board at its Meeting held on 25<sup>th</sup> June 2021)**

### **1. Introduction**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Regulations**”) require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

This Policy is formulated in compliance of the above statutory requirement, and outlines the policy and principles in respect of the distribution of dividends to the shareholders out of the profits made by the Company.

### **2. Approach and Philosophy relating to Dividends**

The Company acknowledges and is conscious of the fact that the shareholders, as the ultimate owners constitute the very basis of its existence. The Board of Directors act as their appointees and trustees to manage the resources ultimately belonging to the shareholders after all liabilities are discharged.

Hence the Board has a responsibility to enhance value of the investment made by the owners while ensuring a reasonable return on their investment on a recurring basis. The shareholders are entitled to such a reasonable return, while keeping in view the interests of the other stakeholders.

### **3. Recognition of Reasonable Expectations.**

This Policy recognises that Shareholders are entitled to expect that a fair portion of the profits generated by the operations of the Company is distributed to them by way of Dividends.

The Board shall endeavour to fulfil the above reasonable expectation, while complying with the statutory obligations in respect of

- i. Providing for Depreciation
- ii. Transfer part of the profits to reserves,
- iii. Creation of statutory reserves like Debenture Redemption Funds etc. and
- iv. Allocation of part of the profits for CSR obligations.

#### **4. Balancing long term growth with regular returns**

This policy recognizes the need for

- i. Ploughing back a significant part of the profits into the operations to fund future growth by way of expansion and diversification projects, techno-up gradation etc.
- ii. Prudence of having sufficient reserves to tide over financial difficulties arising out of unforeseen adversities, vicissitudes of business cycles,
- iii. Funding possible acquisitions and joint ventures

The Policy aims maintaining a healthy balance of growth needs and regular returns.

#### **5. Consistency in Dividend Rates**

This policy also aims at maintenance of consistency in rates of Dividend, irrespective of the level of profits or absence thereof in any particular year. Towards this end, the Company shall endeavour to pay dividends out of reserves as permitted by law even during the years of absence or inadequacy of profits, with a view to maintain such consistency in payment of dividends.

#### **6. Interim and Final Dividend**

The policy of the Company is also to declare interim dividends from time to time whenever the profits and cash-flows are conducive to such payment, keeping in view the other demands on the resources of the company. This will ensure that the shareholders have an opportunity to partake in the prosperity of the company during

the year, without waiting for the Annual General Meetings for declaration of the final dividends.

The Board may also declare special dividends to commemorate special occasions and significant milestones reached by the company.

## **7. Modification of the Policy**

The Board of Directors reserves the right to review this Policy from time to time and make such modifications in the Policy as they deem fit, keeping in view the contemporary economic compulsions or the existing regulatory environment.

## **8. Disclaimer**

This document does not constitute a binding promise by the Company nor does it create any enforceable obligation. This is a Policy to guide the management and the Board in making its future decisions about distribution of dividends.