

NILKAMAL LIMITED DIVIDEND DISTRIBUTION POLICY

Preamble, objective and effective date:

This Policy had been framed in accordance with the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') which requires the top 500 Listed companies in India, as per market capitalization as on March 31 of the preceding financial year, to formulate a dividend distribution policy.

This Policy lays down the broad parameters that shall be considered by the Board of Directors for the purpose of declaration of dividend to its shareholders. Dividend includes an Interim Dividend.

The Company is committed to its role towards the shareholders and hence, would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans.

This policy shall be effective from the date of its adoption at the Board Meeting i.e. 5th November, 2016.

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) Operating cash flows;
- iii) Projected capital investments;
- iv) Present & future working capital requirements of the businesses;
- v) Expansion/Diversification/ Modernization of businesses;
- vi) Additional investments in subsidiaries / associates of the Company or other external businesses;
- vii) Long term strategic plans or growth opportunities;
- viii) Return on Capital employed;
- ix) Debt/Equity ratio;
- x) Dividend payout ratio;
- xi) Brand/ Business Acquisitions;

- xii) Extraordinary/ exceptional incomes and extraordinary/ exceptional charges;
- xiii) Arrangements with financial institutions /lending institutions etc.;
- xiv) Any other factor as deemed fit by the Board.

II. External factors:

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) Dividend payout ratios of comparable companies.

This Policy shall not apply to the following:

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

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

In an event where the Company has undertaken a significant project / expansion activity requiring higher allocation of capital or in the event where the profits of the Company are inadequate or the Company makes losses, or faces liquidity constraints or such similar situation, the Company would like to use its reserves judiciously, and not declare dividend or declare dividend lower than its normal rate of dividend. 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) Business strategy plans for the long run;
- iv) Mitigating dependence on external debts;
- v) Financial leverage;
- vi) Other factors as the Board may deem fit from time to time.

Dividend range

The Board will consider dividend on the basis of various provisions of Companies Act, 2013 and their assessment of the need to retain resources for the growth of operating business, capital adequacy and liquidity maintenance. The Board will endeavor to maintain a gross Dividend pay-out ratio in the range of 15% to 40% of profits after tax (PAT) on standalone financials. Further, the Company may also declare interim dividend as and when deemed fit.

The Board may amend the pay- out 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 case the Company issues any other class of shares, this Policy shall be modified suitably for stipulating the parameters for distribution of dividend to all classes of shares.

Review and Amendment:

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes from time to time.