

DIVIDEND DISTRIBUTION POLICY

1. SCOPE, PURPOSE AND EFFECTIVE DATE

The objective of this Policy is to broadly specify the external and internal factors including financial parameters and the principles that shall be considered by the Board while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

This Policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders.
- Issue of Bonus Shares by the Company.

The Board has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on June 18, 2018, being the effective date of the Policy.

2. DEFINITIONS

- 2.1 "Board" shall mean Board of Directors of the Company.
- 2.2 "Companies Act" shall mean the Companies Act, 2013 and rules framed there under, notified by the Ministry of Corporate Affairs, Government of India, as amended.
- 2.3 "Company" shall mean Neccon Power and Infra Limited.
- 2.4 "Dividend" includes any interim dividend.
- 2.5 "Policy" means Dividend Distribution Policy.

3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The Board shall *inter alia* consider the following parameters before declaring or recommending dividend to the shareholders:

i) Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.

ii) Financial parameters and Internal Factors:

- a. Financial performance including profits earned by the Company (standalone) during the financial year
- b. Available distributable reserves
- c. Cash balance and operating cash flows of the Company
- d. Earnings Per Share (EPS)
- e. Working capital requirements
- f. Capital expenditure requirement such as for business expansion, technological advancement, corporate restructuring including investments in subsidiaries, joint ventures and associates of the Company
- g. Likelihood of crystallization of contingent liabilities, if any
- h. Upgradation of physical infrastructure
- i. Fund requirement for contingencies and unforeseen events with financial implications
- j. Cost of Borrowing
- k. Past dividend payout ratio / trends
- l. Any other factor as may be deemed fit by the Board

iii) External Factors:

- a. Economic conditions
- b. Financing costs
- c. Government regulations
- d. Global conditions
- e. Taxation policy of the Government



B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is crucial as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The Company ought to balance its decision to pay-out dividend after considering meeting of the dual objectives of appropriately rewarding shareholders through dividends while at the same time ensuring instant availability of internal sources of funding for achieving business goals of the Company.

The Board may not recommend dividend and the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Proposal for buy-back of securities
- v. Inadequacy of profits earned during the financial year
- vi. Inadequacy of cash balance
- vii. Adverse market conditions and business uncertainty

C. UTILIZATION OF THE RETAINED EARNINGS

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

Market expansion plans

- Product expansion plans
- Increase in production capacity
- Technological advancement and modernization plans
- Diversification of business
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria as the Board may deem fit from time to time.

D. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that

considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period after declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period after declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as the final dividend in the Annual General Meeting.

E. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

4. DISCLOSURES

The Dividend Distribution Policy shall be disclosed on the website of the Company i.e. <http://www.necconpower.com>.

5. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority.

The Board may periodically review this Policy after taking into account the national and global economic conditions, company's growth and expansion plans, financial position, etc. and suitably amend this Policy.

