



NOCIL LIMITED

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Dividend Distribution Policy

For **NOCIL LIMITED**

A handwritten signature in blue ink, appearing to read "S. R. Deo".

S. R. Deo
Managing Director

Approved by Board of Directors on 04.05.2018



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Dividend Distribution Policy

Preamble

Securities and Exchange Board of India (SEBI) has vide its Notification dated 8th July 2016 brought into force SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, whereby Regulation 43A has been introduced requiring the top 500 listed entities based on Market Capitalisation calculated as on March 31 of every financial year, to formulate a 'Dividend Distribution Policy'. The said Policy is to be disclosed in the Annual Reports and the website.

NOCIL Limited ('the Company'), forms part of the List of top 500 companies based on Market Capitalisation as on 31st March 2018, uploaded on the websites of the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Effective Date

This Policy has been framed and approved by the Board of Directors on 4th May 2018. Hence, the Policy is applicable from the Financial Year 2018-19 onwards.

Guidelines pertaining to Dividend

- i. The Company shall comply with relevant statutory provisions under the Companies Act, 2013. The Company may before taking appropriate decision on declaration / recommendation of dividend, transfer such percentage of profits for the financial year, as it may deem fit, to its reserves.
- ii. The Company shall pay dividend in compliance with the provisions of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend), Rules, 2014.
- iii. The Board shall give due consideration to the following factors while declaring / recommending dividend:-

a. Financial parameters for payment of Dividend

1. Financial performance / liquidity position of the Company during the year
2. Availability of distributable surplus / accumulated reserves
3. Earning stability / Sustainability of profits
4. Past dividend trend and payout ratio.
5. Overall performance of the sector in which the Company operates
6. Dividend paid by the other companies operating in the same sector.





7. Investment / CAPEX / domestic / Acquisition proposals, if any
8. Covenants in Loan Agreements / debt reduction,
9. Capital restructuring / Capitalisation of reserves, if any
10. Expectation of all stakeholders including small shareholders

b. External factors

In addition to above the declaration / recommendation of Dividend by the Company will also depend upon the Economic / Business environment, Government Policies, Market conditions, Inflation rate, Cost of external financing etc.

Interim Dividend

The Board of Directors may declare interim dividend during any financial year and / or recommend final dividend for declaration by the shareholders of the Company at the Annual General Meeting.

Inadequacy of Profits / Declaration of Dividend out of Reserves

In case of inadequacy or absence of Profits in any Financial Year, if the Company proposes to declare Dividend out of the accumulated profits earned and transferred by it to Free Reserves, it can do so only after the Company has complied with Rule 3 of the Companies (Declaration and Payment of Dividend), Rules, 2014 which contains provisions with respect to declaration of Dividend out of Reserves.

Circumstances under which the Company will not declare Dividend

- The Board of Directors may not recommend dividend in case the Company has incurred losses or inadequacy of profit
- if the Board of Directors forms an opinion that it would be in the best interest of the Company to re-invests / plough back the profits for major expansion / diversification requiring major funding.
- Any other unforeseen event which would restrict ability to recommend dividend.



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Utilisation of Free Reserves

The Free Reserves may be utilised:

- Payment of dividend
- For funding its major expansion,/ diversification
- Plan of domestic or overseas acquisitions
- To meet any contingent liabilities/ unforeseen expenses etc. and.

Parameters with regards to various classes of shares

Presently, the Company has only one class of Share Capital i.e. Equity share capital.

Amendments / Review of the Policy

The Board of Directors is empowered to amend / review the Policy in accordance with the changes in laws or as and when they deem fit.

Disclosure

This Policy shall be published in the Annual Report and displayed on the Company's website.

