

## NURECA LIMITED

### DIVIDEND DISTRIBUTION POLICY

#### 1. INTRODUCTION & BACKGROUND

Securities and Exchange Board of India (“SEBI”), vide its Notification dated July 8, 2016 has promulgated SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2015 by inserting Regulation 43A. Regulation 43A has mandated top five hundred listed entities based on market capitalization to frame and adopt a Dividend Distribution Policy (“Policy”), which shall be disclosed in their respective Annual Reports and websites. Even though the Regulation is not applicable to the Company, however in view of Company’s filing of draft red herring prospectus with SEBI and in view of its commitment to adherence to highest standards of governance principles, the Company considers it appropriate to adopt a Policy as the same would help establishing the principles to ascertain amounts that can be distributed to shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The philosophy of the Company is to maximize the shareholders’ wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure requirements, business expansion and growth, additional investment in subsidiaries, cost of borrowing and thereafter distribute the surplus profits in the form of dividend to the shareholders.

#### 2. PARAMETERS FOR DECLARATION OF DIVIDEND

The regulation further prescribed that, the Policy shall include the following parameters: a. the circumstances under which the shareholders of the listed entities may or may not expect dividend; b. the financial parameters that shall be considered while declaring dividend; c. internal and external factors that shall be considered for declaration of dividend; d. policy as to how the retained earnings shall be utilized; and e. parameters that shall be adopted with regard to various classes of shares: Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

#### 3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

#### 4. FINANCIAL PARAMETERS / INTERNAL FACTORS

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- a) Consolidated net operating profit after tax;
- b) Committed and projected cash flow needs owing to forecasted capital expenditure and working capital requirements for current and projected periods;
- c) Capital expenditure requirements;
- d) Resources required to fund acquisitions and / or new businesses
- e) Additional investment in subsidiaries;
- f) Cash flow required to meet contingencies; Reported and Projected statements of Free Cash Flow generation;
- g) Outstanding borrowings;
- h) The macro economic factors and the general business environment

#### 5. EXTERNAL FACTORS



The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders: 5.1. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws; 5.2. Dividend pay-out ratios of companies in the same industry; 5.3. Policy decisions of the government that may affect

#### 6. UTILIZATION OF RETAINED EARNINGS

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

#### 7. PARAMETERS ADOPTED WITH REGARD TO CLASS OF SHARES

Currently, the Company has only one class shares viz. equity shares having face value of Rs. 10/- each. In future, if the Company issues multiple classes of shares, the parameters of the Policy will be appropriately addressed.

#### 8. GENERAL

The Chief Financial Officer in consultation with the MD & CEO of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company. The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal. Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company. The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter. Any amendment to this Policy shall require Board's approval.

#### 9. DISCLOSURES

The Policy shall be disclosed in the Annual Report and on the website of the Company i.e. [www.nureca.com](http://www.nureca.com)

#### 10. 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

Certified to be true copy

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For NURECA LIMITED

  
Gurvikram Singh  
Company Secretary