

Dividend Distribution Policy

1. Objective

To formulate dividend distribution policy of the company in accordance with provisions of Securities Exchange Board of India (SEBI) and Companies Act, 2013 (The Act) read with applicable Rules framed thereunder.

2. Classes of shares

2.1 Currently the company has only one type of shares i.e. equity.

3. Category of dividends

The Act provides for two forms of Dividend i.e. Interim and Final. Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. Board of Directors shall have the power to recommend final dividend, including interim dividend, to the shareholders for their approval in the general meeting of the Company.

4. Factors to consider while declaring dividend

- 4.1 Profit earned by the Company can either be retained for business for acquisitions, expansions, diversifications, etc. or it can be distributed to the shareholders. Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This policy aims to reconcile between all these needs.
- 4.2 Board of Directors shall endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares.
- 4.3 Dividend pay-out decision shall depend on certain external and internal factors which include, but are not limited to:

External Factors

- a. Compliance of all requirements prescribed in the Act for declaration of dividend.
- b. Economic conditions prevailing in that financial year, e.g. in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.
- c. Capital market conditions like, in favourable markets, dividend pay-out can be liberal whereas in case of unfavourable market conditions, Board may resort to conservative dividend pay-out in order to conserve cash outflows.
- d. Pandemic situations which may largely affect the operations of business due to lockdown imposed by the regulators.

Internal Factors

- a. Profits earned and cash flow position in that year
- b. Working capital requirement in foreseeable future
- c. Present and future capital expenditure for expansion/up gradation
- d. Brand/Business Acquisitions
- e. Additional investments in subsidiaries/associates
- f. Investments in new businesses
- g. Any other factors as deemed fit by the Board

5. Dividend payout

5.1 The Board will declare dividend after considering the operating and financial performance of the Company and the cash requirement for financing the company's future growth.

5.2 In case of inadequacy or absence of profits in any financial year, dividend may be declared for that year out of accumulated profits of previous years subject to provision of the Companies Act and Companies (Declaration and Payment of Dividend) Rules, 2014.

5.3 In case company incurs loss, Board at its discretion may decide not to recommend any dividend.

5.4 In case of extra-ordinary capex programme, acquisition, diversification etc., company may decide not declare dividend with a view to conserve resources.

5.5 The Board may, at its discretion, declare a special dividend under certain circumstances such as extraordinary profits from sale of investments, etc.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilization of the retained earnings, if any, shall be disclosed to the shareholders in the Board's Report forming part of Annual Report of the Company.

6. Review and amendment

The Board of Directors will review this Policy from time to time and make revisions as may be required.

7. Disclosure of this policy

This Policy shall be uploaded on the Company's website i.e. www.nesco.in

All other words and expressions used but not defined in this Policy but defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Act or rules and regulations or any statutory modification or re-enactment thereto.

2nd version of this policy has been reviewed, approved, and adopted by the Board of Directors at its meeting held on 13th February 2024.