



India Nippon Electricals Ltd

DIVIDEND DISTRIBUTION POLICY

1. SCOPE AND PURPOSE

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy on the website of the listed entity and a web-link of the same in its annual reports.

The Board of Directors of India Nippon Electricals Limited ("Company") has adopted this Dividend Distribution Policy to comply with these requirements.

2. OBJECTIVE

The objective of this Policy is to guide and give clarity to the shareholders when to expect the dividend and when not to expect the dividend, to ensure the right balance between the quantum of Dividend paid and profits retained in the business for various purposes. The Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e., 7th August, 2021

4. KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND

In line with the objective stated above, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend.

Financial Parameters / Internal Factors:

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

- **Magnitude of current year's earning:**
Since dividend policy is directly linked with the availability of earnings, the magnitude of the earnings will significantly impact dividend declaration of the company. Consolidated net profits of the company shall be considered, if required.
- **Free Cash flows:**
Free cash flows will be ascertained after consideration of capital expenditure requirement, resources required to fund acquisitions, diversification, repayment of borrowings, change in working capital research and development, to meet contingencies etc
- **Cost of borrowings:**
Board will analyse the requirement of necessary funds considering the long term and short-term projects proposed to be undertaken by the company.
- **Past dividend trends like Rate of dividend, pay-out ratio, EPS, bonus. Split of shares etc**

External Factors:

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

- **Macro-economic environment**
In case of uncertain or recessionary economic and business conditions, the company may decide to retain larger part of profits to build up reserves for future needs

Applicable laws, rules, regulations and guidelines:

The company will comply with prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws.

Interim dividend:

Interim dividends will be declared before the end of the financial year

- out of the surplus in the profit and loss account
- out of the profits of the financial year in which interim dividend is sought to be declared.
- In case, the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of the dividend, such dividend shall not be declared at a rate higher than the average dividends declared during three preceding financial years

Final dividend:

Final dividend shall be declared after the year end audited financials are available and after taking into account the interim dividends declared in that year.

- Unrealised gains in Other comprehensive income will not be considered for declaration of dividend

5. CIRCUMSTANCES WHICH MAY BE CONSIDERED FOR THE PURPOSE OF DECLARATION OF DIVIDEND:

The following circumstances will be taken into account by the Board for the purpose of dividend declaration:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital, if any.
- Significantly higher working capital requirements adversely impacting free cash flow.
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital.
- Whenever it proposes to utilise surplus cash for buy-back of securities.
- In the event of inadequacy of profits or whenever the Company has incurred losses.

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. DIVIDEND RANGE:

Subject to the provisions of applicable laws, the Company's dividend pay-out will be determined based on availability of financial resources, investment requirements and taking into account optimal stakeholder return. The Company would endeavour to target a total dividend pay-out ratio normally in the range of 25% to 40% of the Annual Standalone Profits After Tax (PAT) of the Company. However, the Board reserves the right to declare the dividend after considering all the relevant factors as required by the circumstances.

8. PARAMETERS ADOPTED REGARDING VARIOUS CLASSES OF SHARES:

The company has issued only one class of equity shares with equal voting rights. Hence all the members of the company are entitled to receive the same of dividend per share. The policy shall be suitably revisited if any new class of shares are issued depending upon the nature and guidelines thereof.

9. PROCEDURE:

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.

10. DISCLOSURE:

The Company shall make appropriate disclosures as required under the SEBI Regulations.

11. GENERAL:

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. The Company reserves its right to alter, modify, add, delete, or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Approved on 7th August 2021

First Amendment approved on 30th May 2025