

DIVIDEND DISTRIBUTION POLICY

The Board of Directors (the “Board”) of Nitiraj Engineers Limited (the “Company”) at its meeting held on 27th May, 2024 had adopted this Dividend Distribution Policy (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

1. Scope and Objective

This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company’s growth & sustainability. Through this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

2. Statutory Requirements

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being (“Act”) in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), such other applicable provisions of law and the Articles of Association of the Company as amended.

3. Parameters to be considered while recommending/declaring dividend

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

Financial/Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability

- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic

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- Capital restructuring, debt reduction, capitalisation of shares
 - Crystallization of contingent liabilities of the Company
 - Profit earned under the Financial Statement
 - Cash Flows
 - Current and projected Cash Balance and Company's working capital requirements.
 - Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.

External Factors:

- Economic environment, both domestic and global.
- Unfavorable market conditions
- Changes in Government policies and regulatory provisions
- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders' expectations
- Cost of external financing

4. Circumstances under which shareholders of the Company may or may not expect dividend

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

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

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 3 above.

5. Policy as to how the retained earnings will be utilized

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:

- Long term strategic plans
 - Augmentation/ Increase in production capacity
 - Market expansion plan
 - Product expansion plan
 - Modernization plan
 - Diversification of business
 - Replacement of capital assets
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- Balancing the Capital Structure by de-leveraging the Company
 - Payment of Dividend or issue of Bonus Shares
 - Other such criteria as the Board may deem fit from time to time.

6. Circumstances under which the shareholders may or may not Expect dividend

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

7. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

8. Policy review and amendments

The Policy will be reviewed periodically by the Board. The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.

9. Conflict in Policy

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.

10. Disclaimer

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its

discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

- b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.
