

## NEUEON CORPORATION LIMITED

### Dividend Distribution Policy

The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity 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.

#### **PREAMBLE:**

The profits earned by the Company may either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders as dividend. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

The Company currently has only one class of shares - ordinary equity shares. Therefore, dividend if declared, will be distributed amongst all shareholders, based on their shareholding on the record date. Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

As in the past, subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. The Board of Directors will refer to the policy while declaring/ recommending dividends on behalf of the Company.

The Company shall comply with the Provisions of Section 123 of Companies Act, 2013, pertaining to recommendation, declaration & payment of dividend

#### **CATEGORY OF DIVIDENDS**

The Companies Act provides for two forms of Dividend- Final & Interim.

##### **A. Final Dividend**

Final dividend is paid once in a financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting.

##### **B. Interim Dividend**

Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider

declaring an interim dividend after finalization of quarterly (or half yearly) financial results.

The Board at its discretion, may additionally recommend a Special Dividend under certain circumstances such as extraordinary profits from sale of investments etc.

### **FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND**

While determining the nature and quantum of the dividend payout, the Board would take into account the following factors:

#### **Internal Factors:**

- I. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a. Previous years and
  - b. Internal budgets,
- II. Cash flow position of the Company,
- III. Accumulated reserves
- IV. Earnings stability.
- V. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- VI. Brand acquisitions,
- VII. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities.
- VIII. Deployment of funds in short term marketable investments,
- IX. Long term investments,
- X. Capital expenditure(s)

#### **External Factors:**

- i) Business cycles,
- ii) Economic environment,
- iii) Cost of external financing,
- iv) Applicable taxes including tax on dividend,
- v) Industry outlook for the future years.
- vi) Inflation rate, and
- vii) Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history while determining the rate of dividend.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such events, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

- i) Capital expenditure for working capital,
- ii) Organic and/ or inorganic growth,
- iii) Investment in new business (es) and/or additional investment in existing business (es),
- iv) Declaration of dividend,
- v) Capitalisation of shares,

- vi) Buy back of shares,
- vii) General corporate purposes, including contingencies,
- viii) Correcting the capital structure,
- ix) Any other permitted usage as per the Companies Act, 2013.

**POLICY REVIEW**

This Policy will be reviewed periodically by the Board and amended as appropriate. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The Policy will be available on the Company's website and disclosed in the Company's Annual report

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