

Dividend Distribution Policy



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A. PREAMBLE

Nucleus Software Exports Ltd. (the “Company”), has adopted this policy with regard to Declaration of Dividend on Equity Shares. This Policy is in compliance of the applicable provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other act, rules or regulations which provides for distribution of dividend.

B. PURPOSE

The purpose of the policy is to specify in broad terms, the external and internal factors including financial parameters that will be considered while deciding on the distribution of dividend, the circumstances under which shareholders of the Company, may or may not expect dividend and the policy relating to retention and utilization of earnings.

This policy is not an alternative to the decision of the Board for recommending dividend every year based on all relevant factors namely, factors enumerated in this Policy and also other additional factors that the Board may consider relevant in the overall interest of the Company.

C. DEFINITIONS

1. “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
2. “Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
3. “Company” shall mean Nucleus Software Exports Limited.
4. “Board” or “Board of Directors” shall mean Board of Directors of the Company.
5. “Dividend” shall mean Dividend as defined under Companies Act, 2013. The term “Dividend” includes any interim dividend
6. “Policy” means Dividend Distribution Policy.

7. "Reserve" shall mean Reserves as defined under Section 2(43) of Companies Act, 2013 as amended from time to time

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein shall derive their meaning from Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time, shall have the meaning respectively assigned to them therein.

D. Declaration of Dividend

The declaration and payment of dividend shall be in accordance with the provisions of the Listing Regulations, Section 123 to 127 of the Act and any other provisions as may be applicable. The Company shall declare dividend for any financial year subject to the following:

- i. Current Year's profit
 - After providing for depreciation in accordance with law
 - After transferring to the reserves such amount of Profit as may be prescribed, or as may be otherwise considered appropriate by the Board at its discretion.
- ii. The Profits for any previous financial year(s) after providing for depreciation in accordance with law, and remaining undistributed, or
- iii. out of i) & ii) both

LOSSES, Before declaring any dividend,

The losses, if any, of any previous year(s) must be set off against the profits of the Company for the current year or previous years.

E. Category of Dividends

Final Dividend

The Final dividend is paid once for the 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. The declaration of Final dividend shall be approved by shareholders at the Annual General Meeting.

Interim dividend:

The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it.

Special Dividend:

The Board at its discretion, may additionally recommend a Special Dividend under certain occasions of significance.

F. Parameters for Declaration of Dividend

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

Financial Parameters / Internal Factors:

- i. Consolidated net operating profit after tax;
- ii. Working capital requirements;
- iii. Capital expenditure requirements;
- iv. Resources required to fund acquisitions and / or new businesses
- v. Cash flow required to meet contingencies;
- vi. Outstanding borrowings, if any;
- vii. Past dividend trends,

External Factors

- i. Prevailing statutory provisions under Companies Act, 2013, tax laws including dividend distribution tax and other regulatory concerns;
- ii. Macroeconomic conditions/overall economic/ business scenario;
- iii. Capital market conditions;
- iv. Relevant industry practice; and
- v. Any other factor as deemed fit by the Board.

The Board may consider recommending 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 shall provide the rationale in the Annual Report.

G. Circumstances Under Which Shareholders may or may not Expect Dividend

The Board shall consider the factors provided above in Clause F before determination of any dividend. The decision of dividend may be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

Under the following circumstances, the dividend may not be expected by the shareholders:

- a) In the event of loss or inadequacy of profits or whenever the Company has incurred losses; or
- b) Whenever the Company undertakes or proposes to undertake a large expansion project requiring higher allocation of capital; or
- c) Significantly higher working capital requirement adversely impacting cash flows; or
- d) Any other circumstance/instance which the Board of Directors may consider relevant to the dividend declaration decisions.

H. Manner of Utilisation of Retained Earnings

The Board may retain its earnings in order to make alternative use of the available funds and increase the value of the shareholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- i. Growth projects;
 - ii. Modernization plan;
 - iii. Diversification of business;
 - iv. Upgrading & renewals and replacement of its existing facility and R&D projects
- i. Long term strategic plans;
 - ii. Other such criteria as the Board may deem fit from time to time.

I. Parameters with Regards to Various Classes of Share-Holders

At present the Company has only one class of shareholder i.e. equity shareholders. The Policy shall be reviewed and amended if the Company issues shares to any other class of shareholders

J. Interpretation & Amendments

1. Any word used in this Policy shall have the same meaning as defined under the Companies Act, 2013, SEBI LODR Regulations and any other applicable statutory regulations.
2. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy at any time, as it deems fit without assigning any reason whatsoever.
3. The Policy shall stand amended in accordance with changes to the regulations including the Companies Act, Listing Regulations and guidelines issued by the Securities and Exchange Board of India and any amendment (s), clarification (s), circular (s) etc. Issued by the regulatory authorities.