

## Dividend Distribution Policy

### 1. Introduction

The Board of Directors (the “Board”) of DCM Nouvelle Limited (the “Company”) at its meeting held on October 29, 2021, has adopted this Dividend Distribution Policy (the “Policy”) in accordance with the Companies Act, 2013 (the “Act”) and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

### 2. Objective

The Company aims at maximisation of shareholders’ value and believes that this can be achieved by driving growth and Market Capitalisation. The policy endeavors to retain sufficient profits for growth of the Company and other contingencies.

#### **The objective of this Policy is to:**

- I. specify the parameters (including internal and external factors) that shall be considered while declaring the dividend;
- II. lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- III. provide for the manner of utilization of retained earnings.

The Board may deviate from the parameters listed in this policy in extraordinary circumstances.

### 3. Dividend Philosophy

The Company's philosophy is to maximize the wealth of its shareholders through different ways and believes that driving growth generates the most value for shareholders. As a result, the Company's free cash flow would be used first for, capital investment to fulfil expansion demands, debt reduction, and setting up reserves for inorganic growth opportunities.

### 4. Parameters/Factors considered by the Company while declaring dividend

The Board of the Company is committed to adopt a progressive and forward-looking capital allocation policy that balances the internal and external factors like need of the business, future growth plans, liquidity and return ratios, overall economic conditions and expectations of the stakeholders etc. The following parameters will be followed before

declaring or recommending dividend to shareholders:

**A. Financial Parameters / Internal Factors:**

- a) Financial performance including net profits earned and free cash flows available after working capital requirement of the Company;
- b) Capital allocation plans including expected cash requirements towards working capital, capital expenditure in technology and Infrastructure etc;
- c) Funds requirement for any acquisition/ investment opportunities;
- d) Debt repayment schedules;
- e) Fund requirement for contingencies and unforeseen events with financial implications; and
- f) Any other factor as deemed fit by the Board.

**B. External Factors:**

- a) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- b) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, The Companies Act, 2013 and SEBI regulations etc;
- c) **Agreements with Bank / Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreements that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt; and
- d) **Capital Markets:** In favourable market scenarios, the Board may consider for liberal pay – out. However, it may resort to a conservative dividend pay-out in case of unfavourable market conditions.

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

The Board shall retain its earnings in order to make better 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 in addition to factors stated in this Policy:

- Market expansion plan;
- Product expansion plan;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Mergers and acquisitions;
- debt;

**6. Policy as to how the retained earnings shall be utilized**

The profits earned by the Company shall be retained in the business and used for various purposes as outlined in clause 5 above as decided by the board from time to time. Each capital allocation budget will be reviewed by the board after evaluating the attractiveness, internal rate of return, and risk of the above stated purposes.

**7. Parameters 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. Review**

The Board may review this Policy periodically by taking into account the national and global economic conditions, Company's growth and investment plans and financial position etc. and in accordance with any regulatory amendments.

**9. Conflict in the policy**

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

## 10. Disclosure

The Company shall make appropriate disclosures as required under the SEBI (LODR) Regulations including display on the website ([www.dcmnvl.com](http://www.dcmnvl.com)) of the Company.