



**NEOLITE ZKW LIGHTINGS LIMITED**

**DIVIDEND DISTRIBUTION POLICY**

**(in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

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India**

## **DIVIDEND DISRIBUTION POLICY**

### **A. APPLICABILITY:**

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) requires the top 1000 listed entities based on market capitalization (calculated as on 31<sup>st</sup> March of every financial year) to formulate a dividend distribution policy, which shall be disclosed on the website of the listed entity and a weblink shall also be provided in their annual reports. The other listed companies which do not fall under the abovementioned category may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports.

The Board of Directors (“**Board**”) of Neolite ZKW Lightings Limited (“**Company**”) vide its resolution dated Tuesday 9<sup>th</sup> December, 2025 has voluntarily resolved to adopt the following policy on dividend distribution (“**Dividend Distribution Policy**”/ “**Policy**”) with a view to reward shareholders by returning/ sharing a portion of its profits after retaining sufficient funds for the growth of the Company, thus maximizing shareholders’ value. The Company shall pursue this Policy to pay dividend, subject to circumstances and factors enlisted hereon, which shall be consistent with the performance of the Company over the years.

The Policy includes the following parameters:

- (i) Circumstances under which the shareholders of the Company may or may not expect dividend;
- (ii) Financial parameters that shall be considered while declaring dividend;
- (iii) Internal and external factors that shall be considered for declaration of dividend;
- (iv) Utilisation of retained earnings; and
- (v) Parameters that may be adopted with regard to various classes of shares.

### **B. OBJECTIVES OF POLICY:**

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc. The Board of Directors of the Company may consider a declaration of interim dividend depending upon the cash flow situation of the Company.

The dividend distribution shall be as per the recommendations of the Board and shall always be decided at a general meeting of shareholders. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the equity shareholders. The Policy is not an ‘alternative’ but a ‘Guide’ to the decision of the Board for recommending dividend, which may be made after taking into consideration all the relevant circumstances enumerated hereunder and such other factors as may be decided as relevant by the Board.

While recommendation of Dividend shall be guided by this Policy, in extraordinary circumstances, the Board shall have complete liberty to recommend dividend in deviation to this policy, if so deemed necessary in the best interests of the Company and its stakeholders.

The Policy reflects the intent of the Company to reward its equity shareholders by sharing a portion of its profits after adjusting for accumulated losses, if any, and retaining sufficient funds for future growth of the Company. The Company intends to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management including the CFO, and other relevant factors.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares, if any.

#### **C. DEFINITIONS:**

- a) **“The Company”** means “Neolite ZKW Lightings Limited”.
- b) **“Policy”** means Dividend Distribution Policy.
- c) **“Board”** shall mean the Board of Directors of the Company.
- d) **“Companies Act”** shall mean the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- e) **“Dividend”** shall have the meaning as defined under the Act and includes any interim Dividend.
- f) **“SEBI”** shall mean Securities Exchange Board of India.
- g) **“Stock Exchange”** shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

Words and Expressions used and not defined in this Policy but defined in the Act, SEBI Listing Regulations or applicable laws shall have the same meaning respectively assigned to them in those acts/ applicable laws.

#### **D. PREAMBLE:**

Dividend is the payment made by a Company to its shareholders, in the form of distribution of its profits. The profits earned by the Company can either be retained in business or utilized for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as a Dividend. This Policy aims to reconcile between all these needs.

The Policy establishes the principles to ascertain amounts that can be distributed to 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. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of Dividend to its shareholders.

#### **E. CATEGORY OF DIVIDENDS**

The provisions of the Companies Act provide for two forms of Dividend i.e., Interim and Final. The Board shall have the power to recommend final dividend to the equity shareholders for their approval in the annual general meeting of the Company. The Board shall have the absolute power to declare interim dividends during the financial year, as and when they consider it fit.

##### **i. Final Dividend**

The Board has the power to recommend the payment of a final Dividend to the shareholders in a annual general meeting, which shall be paid once for the financial year after the annual accounts is prepared. The declaration and payment of such final Dividend shall be subject to the approval of shareholders of the

Company and shall be included in the ordinary business items that are required to be transacted at the annual general meeting.

**ii. Interim Dividend**

The Board, in accordance with Article of Association of the Company and as and when they consider it fit in compliance with Companies Act, 2013, including the Rules made thereunder and other relevant regulations, if any can declare an interim dividend during any current financial year, 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 accounts. Interim Dividend may be paid in order to supplement the annual dividend or in exceptional circumstances.

**F. DECLARATION AND PAYMENT OF DIVIDEND**

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

**I. Current financial year's profit:**

- a. after providing for depreciation in accordance with law; and
- b. after transferring to reserves such amount 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):**

- a. after providing for depreciation in accordance with law; and
- b. remaining undistributed; or

**III.** Dividend shall normally be declared from the profit earned by the Company during the relevant financial year after adjusting for accumulated losses & unabsorbed depreciation, if any and out of the carried forward profits not transferred to any reserves; or

**IV.** Out of I , II and III.

The Board may, at its discretion, declare a special Dividend under certain circumstances such as extraordinary profits from sale of investments.

**G. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

The Board of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act and the SEBI Listing Regulations. The Board shall consider the circumstances provided below before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the stakeholders and the business requirements of the Company.

**i. Accumulated Losses, if any**

The profits earned by the Company during any financial year shall be first utilized to set off the accumulated losses/ unabsorbed depreciation, if any of the Company from the previous financial years.

**ii. Operating cash flow of the Company**

The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits.

**iii. Transfer to Reserves and other Statutory Requirements**

The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit.

**iv. Covenants with lenders/ Debenture Trustees, if any**

The decision of dividend pay-out shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustee's, from time to time, if any.

**v. Prudential & Strategic requirements**

The Board shall analyse the ongoing and prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernization etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company;

**vi. Expectations of major stakeholders, including small shareholders**

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits and/or out of the accumulated profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who generally expect a regular dividend payout.

**H. DECLARATION AND PAYMENT OF DIVIDEND**

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Companies Act. Pursuant to the provisions of Section 123 of the Companies Act, the Board shall recommend dividend for any financial year subject to the following: (a) out of the profits of the Company for that year arrived after providing for depreciation; or (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or (c) out of both (a) and (b).

**I. PARAMETERS FOR DECLARATION OF DIVIDEND**

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

**Financial parameters**

- i. Availability of profit;
- ii. Financial performance of the Company for the year for which dividend is recommended;
- iii. Return on invested capital;
- iv. Magnitude of earnings of the Company;
- v. Operating cash flow of the Company;
- vi. Company's liquidity position including its working capital requirements and debt servicing obligations;
- vii. Likelihood of crystallization of contingent liabilities;
- viii. Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals;
- ix. Past dividend payout ratio / trends;

- x. Such other factors and/or material events which the Company's Board may consider before declaring Dividend.

#### **External factors**

The external factors which shall be considered by the Board while recommending/ declaring dividend to the shareholders:

- i. Macroeconomic conditions
- ii. Shareholders' expectations;
- iii. Statutory provisions and guidelines; Restrictions imposed under the Companies Act, with regard to declaration of dividend;
- iv. Sectoral performance;
- v. Future uncertainty and industrial downturn;
- vi. Government policy;
- vii. Cost of financing;
- viii. Global conditions;
- ix. Tax implications
- x. Dividend pay-out ratio of competitors;
- xi. Any other factor that has a significant influence / impact on the Company's working / financial position of the Company.

#### **Internal factors**

- i. Growth rate of past earnings/ Past Performance/ reputation of Company;
- ii. Growth rate of predicted earnings;
- iii. Expansion and modernization of existing business;
- iv. Investment in research and development;
- v. Working capital requirements;
- vi. Any proposed mergers and acquisitions;
- vii. Covenants of loan agreements;
- viii. Business expansion and growth;
- ix. Long term growth strategy of the Company to conserve cash;
  
- x. Approach adopted – residual, stability or hybrid.

#### **Utilisation of retained earnings**

The Board may retain its earnings in order to make better utilisation of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may, inter alia, be utilized for the following purposes:

- i. To meet the working capital/ business needs of the Company;
- ii. To fund new acquisition and investments;
- iii. Towards diversification of business;
- iv. Towards investment in long term/ short term strategic joint ventures &/or partnerships and/or subsidiary companies;
- v. High cost of debt;
- vi. To fund market or product development/ expansion plan;
- vii. Increase in production capacity;
- viii. Modernisation Plan;
- ix. Replacement of Capital intensive assets;
- x. Such other criteria as the Board may deem fit from time to time.

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#### **J. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Dividend would continue to be declared on the face value of the Equity Shares and on a per share basis of the Company. 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 laws and will be determined, if and when the Company decides to issue other classes of shares. Since the Company has issued only one (1) class of equity shares with equal voting rights, all the shareholders of the Company are entitled to receive the same amount of dividend per share. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

#### **K. REVIEW AND AMENDMENT**

This Policy will be reviewed periodically by the Board, from time to time and the Board can amend this Policy, as and when deemed fit. Any amendments in the Companies Act and the SEBI Listing Regulations that mandatorily apply to the Company shall be deemed to be incorporated in this Policy and shall be binding.

#### **L. DISCLOSURE OF THE POLICY**

The Policy shall be disclosed on the website of the Company [www.neolitezkw.com](http://www.neolitezkw.com) and the web-link of the same shall be provided in their annual reports.

*Effective Date: 09<sup>th</sup> December, 2025*