



INNOVA CAPTAB LIMITED

DIVIDEND DISTRIBUTION POLICY

<i>Approving Authority</i>	<i>Board of Directors of Company</i>
<i>Version and Adopted date</i>	<i>01st April 2022 (Version 1)</i>
<i>Version and Adopted and Approved</i>	<i>29th March 2023 (Version 2)</i>

POLICY:

The Board of Directors of the Company (“the Board”) at its meeting held on April 01, 2022 has approved and adopted the dividend distribution policy of the Company. The policy amended on 29th March 2024.

BACKGROUND:

The Dividend Distribution Policy’s objective is to maintain guidelines for the Board of Directors of Innova Captab Limited (the “Company”) to follow when declaring or recommending the amount of dividend (interim or final) per share. A dividend policy determines the ratio of dividends to retained earnings. Retained earnings are an important source of internal finance for the company's long-term growth, whereas dividends reduce the company's available cash funds.

The Company's Dividend Distribution Policy aims to reward its shareholders by sharing a portion of its profits / earnings, while also ensuring that enough funds are retained to meet the Company's future needs.

This policy focuses on ensuring dividend income for shareholders as well as long-term capital appreciation for the Company's stakeholders.

The policy sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

LEGAL FRAMEWORK:

As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”), the top 1000 listed entities based on the market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed on their websites and a web link shall also be provided in their Annual Report.

Listed entities other than the top 1000 listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

DEFINITIONS:

- i. “Act” means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.

- ii. **“Applicable Law”** means the Act, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996, or any other law or act as may be applicable.
- iii. **“Board”** means the Board of Directors of the Company
- iv. **“Company”** means Innova Captab Limited
- v. **“Dividend”** is as defined under Section 2(35) of the Act.
- vi. **“Free Reserves”** are as defined under Section 2(43) of the Act.
- vii. **“SEBI Listing Regulations”** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- viii. **“Policy”** means Dividend Distribution Policy

Words and expressions used but not defined in this Policy but defined in any applicable law shall have the same meaning respectively assigned to them in such applicable law.

OBJECTIVE:

The objective of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend, circumstances under which the shareholders of the Company may or may not expect dividend and utilisation of retained earnings. The policy is broadly in line with the provisions of the Companies Act, 2013 and SEBI Regulations (“Applicable Laws”) read with the relevant clauses of the Articles of Association of the Company, to the extent applicable.

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 to strike the right balance between pay-out and retained earnings, in order to address future needs of the Company.

The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all equity shareholders, based on their shareholding on the record date. Parameters for dividend payment in respect of any other class of shares, if issued, will be as per respective terms of issue in accordance with the articles of association of the Company and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

Dividends may be recommended by the Board, after the announcement of the full year results and before the Annual General Meeting (“AGM”). The Board may also declare interim dividends as may be permitted as per the applicable laws.



The profits being retained in the business shall be continued to be deployed in the Company and thus contributing to the growth to the business and operations of the Company. The Company stands committed to deliver sustainable value to all its stakeholders.

PARAMETERS FOR DECLARATION OF DIVIDEND:

Internal Factors / Financial Parameters: The Board of Directors of the Company would consider the broadly following financial parameters and factors before declaring or recommending dividend to shareholders:

- Operating cash flow of the Company
- Profits earned during the year
- Profits available for distribution
- Earnings Per Share (EPS)
- Dividend, if any, declared by Subsidiary / Associate Company (ies).
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystallization of contingent liabilities, if any
- Additional investment in subsidiaries and associates of the company
- Creation of contingency fund
- Acquisition(s)
- Cost of Borrowing
- Debt obligations
- Debt to equity ratio
- Liquidity position of the company
- Past dividend pay-out ratio / trends
- Compliance with covenants contained in any agreement entered into by the Company with its lenders, customers or other parties, as applicable.

External Factors:

- Industry Outlook and Economic environment
- Statutory provisions and guidelines
- Dividend pay-out ratios of companies in the same industry
- Contractual Restrictions/Restrictions in Debt Covenants
- Any other factor which has a significant influence / impact on the Company's operations.
- Any other relevant factors that the Board may deem fit to consider before declaring dividend.

Provided that if the company proposes to declare dividend on the basis of parameters in addition to the parameters mentioned above or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its Annual Report and on its website.

Circumstances under which the shareholders may or may not expect Dividend:

The Company may recommend dividend in the following circumstances:

- Adequate profits and liquidity
- Accumulated profits not warranted for immediate business needs

The Company shall not recommend dividend if it is of the opinion that it is financially not prudent to do so. Further, the shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion, renovation and/or upgradation which would require higher allocation of resources
- In case the Company proposes to utilise surplus cash for buy-back of securities
- Whenever the Company undertakes any acquisitions or joint ventures requiring significant allocation of capital or in case the company expands its stake in other entities
- In the event of inadequacy of profits or whenever the Company has incurred losses
- Adverse economic / market scenario expected in near future

DECLARATION AND PAYMENT OF DIVIDEND:

Interim Dividend

- A. The Board of Directors of the Company shall declare the interim dividend during the financial year, as and when they consider it fit to so declare.
- B. The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company.

Final Dividend

- A. The final dividend, if any, is paid once in a financial year after the preparation of the annual financial statements.
- B. The Board of Directors shall recommend the final dividend to the shareholders for their approval in the AGM of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the AGM of the Company
- C. The final dividend shall be paid to the eligible shareholders subject as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable.

MODIFICATION OF THE POLICY:

The Board of Directors is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the applicable laws. The modifications in the policy, if any, shall be placed at the ensuing/ next meeting of the Board of Directors for noting/ ratification.



DISCLOSURE AND AMENDMENTS TO THE POLICY:

The policy shall be disclosed on the Company's website and web link of the same will also be disclosed in the Company's Annual Report.

The policy shall be reviewed periodically by the Board of Directors of the Company or as and when required any amendments or changes made to it subsequent to the changes in the provisions of any act or applicable laws shall be consequently published on the website of the Company. Accordingly, the amendments made shall be disclosed in the Annual Report and on the website of the Company.

LIMITATION AND AMENDMENT:

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

DISCLAIMER:

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares.