



***M/s Navkar Corporation Ltd***  
*Container Freight Stations & Rail Terminals*

**DIVIDEND DISTRIBUTION POLICY**

**NAVKAR CORPORATION LIMITED**

## **PREAMBLE**

As per Regulation 43A read with Regulation 3 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), the top five hundred listed entities need to mandatorily formulate a dividend distribution policy based on market capitalization calculated as on the 31st day of March of every financial year. Accordingly, the Board of Directors (‘Board’) of Navkar Corporation Limited (‘Company’) has adopted this ‘Dividend Distribution Policy’ (‘Policy’).

This Policy aims to lay down a framework with regard to distribution of dividend or retention of profits and to provide clarity to the stakeholders on the dividend distribution strategy of the Company.

The Board of Directors shall recommend dividend in compliance with this Policy, the provisions of the Companies Act, 2013 and rules made thereunder and other applicable legal provisions.

## **REGULATORY FRAMEWORK**

The Company shall pay dividend (including interim dividend) in compliance with the relevant provisions of the Companies Act, 2013 (the ‘Act’), the Companies (Declaration and Payment of Dividend) Rules, 2014, and SEBI LODR, as amended from time to time and such other act, rules or regulations which provide for the distribution of dividend.

## **OBJECTIVE AND SCOPE**

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 utilised, etc. The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.

This Policy lays down below parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

- ✓ The circumstances under which the shareholders may or may not expect dividend;
- ✓ The financial parameters and internal and external factors that shall be considered for declaration of dividend;
- ✓ Policy as to how the retained earnings shall be utilized; and
- ✓ Parameters that shall be adopted with regard to various classes of shares.

However, the Company reserves the right to carry out any change in the aforesaid parameters, in the best interest of the Company, shareholders and/or other stakeholders

## **DEFINITIONS:**

In this Policy, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them hereinbelow, and their cognate expressions shall be construed accordingly.

“**Board**” or “Board of Directors” shall mean Board of Directors of the Company.

“**Companies Act or Act**” shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.

“**Company**” shall mean Navkar Corporation Limited

“**Dividend**” shall mean Dividend as defined under the Companies Act, 2013

“**Policy**” means this Dividend Distribution Policy.

“**SEBI**” means the Securities and Exchange Board of India.

“**SEBI LODR**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**SEBI Regulations**” means the regulations made by SEBI in accordance with the Securities and Exchange Board of India Act, 1992 (the SEBI Act).

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

## **INTERIM AND FINAL DIVIDEND**

The Board may declare one or more interim dividend during the year. Additionally, the Board may recommend final dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the dividend proposal will be considered, will be provided to the stock exchanges, as required by SEBI LODR.

## **PARAMETERES TO BE CONSIDERED BEFORE DECLARING DIVIDEND**

The Company would, inter alia, consider the following financial parameters and / or internal & external factors before declaring dividend(s) or recommending dividend(s) to the shareholders:

- ✓ Stability of earnings and Cash flow from operations;
- ✓ Profits earned during the financial year;
- ✓ Fund requirements to finance the working capital needs of the business;
- ✓ Industry outlook and stage of business cycle for underlying businesses;
- ✓ Opportunities for investments of the funds of the Company to capture future growth in the industry, e.g. capital expenditure, geographical expansion, etc;
- ✓ Funding requirements for any organic and inorganic growth opportunities to be pursued by the Company;
- ✓ Optimal free cash to fund any exigencies, if any;
- ✓ Leverage profile and liabilities of the Company;
- ✓ Past dividend trends;
- ✓ Overall economic / regulatory environment;
- ✓ Tax implications, if any, of distribution of dividend;

- ✓ Cost of raising funds from alternate sources;
- ✓ Corporate actions including mergers/demergers, acquisitions, bonus issue, right issue;
- ✓ Any restrictive / conservative covenants with lenders;
- ✓ Macroeconomic and business conditions in general;
- ✓
- ✓ Interim dividend paid, if any; and
- ✓
- ✓ Any other factor which may have a financial impact on the company or as deemed fit by the Board.
- ✓ The circumstances under which shareholders may or may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:
  - Due to uncertain or recessionary economic and business conditions;
  - Due to operation of any law in force;
  - Due to losses incurred by the Company and the Board consider it appropriate not to declare dividend for any particular year;
  - Due to any significant expansion plans of the Company;
  - Due to any restrictions on payment of dividend imposed by any regulator or prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws; and
  - Any other extraordinary circumstances.

In case the Board proposes not to distribute the profit, the grounds thereof and information on utilisation of the retained earnings, if any, shall be disclosed to the shareholders in the Board's Report forming part of Annual Report of the Company.

## **USE OF RETAINED EARNINGS**

The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These retained earnings will be used inter alia for the Company's strategic growth plans, working capital requirements, debt repayments and other contingencies.

## **MANNER OF PAYMENT OF DIVIDEND**

The dividend payout in each financial year, including interim dividends, will be decided by the Board keeping in mind the abovementioned criteria.

### **In case of final dividend:**

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

**In case of interim dividend:**

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend along with all the compliances to be taken care of as per the statutory requirements.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

**THE POLICY SHALL NOT APPLY TO**

- i. Dividend to Preference Shareholders.
- ii. Distribution of cash or other assets to Equity Shareholders pursuant to buyback of shares.
- iii. Issue of fully paid-up bonus shares or other securities to Equity Shareholders or converting partly paid-up equity shares to fully paid-up shares.

**DISCLOSURE & AMENDMENT/REVIEW OF POLICY**

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to revision / amendment on a periodic basis, as may be necessary. Any amendment(s) of any provision of this policy shall be carried out by persons authorized by the Board in this regard. This Policy (as amended from time to time) will be available on the Company's website and shall also be disclosed in the Annual Report.

**VARIATION**

In the event of any variation or inconsistency between provisions of this policy and any amendments, clarifications, circulars, notifications or guidelines issued by the relevant authorities, then such amendments, clarifications, circulars, notifications or guidelines shall prevail over this policy and the provisions of this policy shall be deemed to have been amended so as to be read in consonance with such amendments, clarifications, circulars, notifications or guidelines. If the Board decided to deviate from this policy, the rationale for the same will be suitably disclosed in the annual report and on the company's website.