



CREST
VENTURES

CREST VENTURES LIMITED

**POLICY FOR
DISTRIBUTION OF
DIVIDEND**

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Policy for Distribution of Dividend

1. INTRODUCTION

Crest Ventures Limited ("the Company") believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of Corporate Governance Practices and duly complying with applicable laws from time to time for its business. The Company focusses on enhancement of long term shareholder value without compromising on ethical and governance standards. Pursuant to the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") inserted vide SEBI Notification No. SEBI/ LAD-NRO/GN/2016-17/008 dated July 08, 2016 through SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 and other applicable RBI guidelines as issued from time to time, Dividend Distribution Policy is adopted to act as a guiding parameter in declaration of dividend in addition to applicable provisions of the Companies Act, 2013, rules made thereunder and SEBI Listing Regulations. The Policy for Distribution of Dividend shall come into effect from the date it is approved by the Board of Directors.

2. OBJECTIVE

The objective of this Policy is to create a framework for deciding distribution of profits created by the Company as dividend to its equity shareholders.

3. TIMING OF DIVIDEND DECLARATION

The Board of Directors ("**Board**") may declare one or more interim dividend any time during the financial year. The Board may recommend final dividend after approval of the audited financial statements by the Board and will be paid after approval of shareholders in the Annual General Meeting. Board will consider Financial, Internal, External and other parameters stated in the policy for declaring both interim dividend and also for recommending final dividend.

4. FINANCIAL PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDEND

- i. The Board of Directors may declare dividend after considering various financial parameters. Financial parameter will include but not limited to profit for the period, availability and need of liquidity in the Company, Leverage ratio, Return on Asset, Net Profit, Capital Adequacy Ratio, requirement of maintaining reserves including statutory reserves prescribed by various regulators such as Statutory Reserve u/s. 45IC of RBI Act, 1934, growth capital requirement for future expansion etc.



- ii. Dividend(s) shall generally be declared out of the Standalone Profit After Tax of the Company relating to the current financial year, subject to any other regulatory provisions that may be introduced from time to time. The consolidated performance will not be considered for declaration or recommendation of dividend.
- iii. The Board will generally endeavour to maintain an even dividend per share every year, but this shall be subject to review by Board on various parameters as mentioned in para 4(i) hereinabove at the time of declaration or recommendation of dividend.

5. INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The factors, internal and external, to be considered by the Board, for determining the declaration of dividend, will include the following:

i. Internal Factors

- Business growth
- Cost of Borrowing
- Operating Expenses
- Quality of assets and NPA
- Profitability of the Company
- Asset-Liability Management Position
- Ability to raise or availability of Debt Capital
- Future growth capital requirements in business
- Carried forward balance in P&L Account
- Accumulated Reserves

ii. External Factors

- Macro-economic environment
- Liquidity position in the economy
- Monetary policy of Reserve Bank of India
- Changes in government policies
- Regulatory changes
- Change in tax structure applicable on dividend both for the Company as well as Shareholders



6. OTHER FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The Board of Directors shall, while considering the proposals for dividend, take into account the following aspects:

- i. Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs)
- ii. Qualifications in the Auditors Report to the financial statements and
- iii. Long term growth plans of the Company

The Board shall ensure compliance with the provisions of paragraph 33 of Chapter V - Regulatory Restrictions and Limits of Master Direction – Reserve Bank of India (Non-banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 including minimum prudential requirements, quantum of dividend payable, and reporting requirements while declaring dividend(s).

Eligibility Criteria for Payment of Dividend under section 123(3) of the Companies Act, 2013

A company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting

- out of the surplus in the profit and loss account
- or out of profits of the financial year for which such interim dividend is sought to be declared
- or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend:

Provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during immediately preceding three financial years.

Provided also that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.



The amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

Eligibility Criteria for Payment of Dividend under RBI Regulations:

The Company being a Non-Deposit Taking Systemically Important NBFC shall comply with the minimum prudential requirements with respect to Capital Adequacy, Net Non-Performing Assets ("NPA") and other criteria as applicable to be eligible to declare dividend as applicable as mentioned below:

Sr. No.	Parameters	Requirement
1.	Capital Adequacy	<p>The Company should have met the following regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed:</p> <ul style="list-style-type: none">• Maintain a minimum capital ratio consisting of Tier I and Tier II capital not less than 15 percent of aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items.• The Tier I capital at any point of time, shall not be less 10 per cent.
2.	Net NPA	<p>The net NPA ratio shall be less than 6 per cent in each of the last three financial years, including as at the close of the financial year for which dividend is proposed to be declared.</p>
3.	Other Criteria	<ol style="list-style-type: none">1. The Company shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934.2. The Company shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank of India shall not have placed any explicit restrictions on declaration of dividend.



Dividend Payout Ratio

The ceiling on dividend payout ratio for the Company, if compliant with the Eligibility Criteria to declare dividend, shall be 50%.

If the Company does not meet the Eligibility Criteria prescribed above for any of the last three financial years, it may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided it complies with the following conditions:

- (a) meets the applicable capital adequacy requirement in the financial year for which it proposes to pay dividend; and
- (b) has net NPA of less than 4 per cent as at the close of the financial year.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND(S)

Shareholders of the Company may not expect declaration of dividend in below mentioned circumstances-

- i. Expectation of growth opportunity in the existing business and capital is required to be conserved for meeting the growth.
- ii. In the event of an opportunity for acquisition and/or strategic investments in existing lines of business or new business where the Company may be required to allocate capital.
- iii. In the event of requirement of working capital in business.
- iv. In the event of inadequacy of cashflow available for distribution of dividend.
- v. In the event of absence or inadequacy of profits.

8. POLICY GUIDELINES ON UTILIZATION OF THE RETAINED EARNINGS

The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:

- i. Business Growth
- ii. Capital Expenditure
- iii. Working Capital requirements
- iv. Acquisition of businesses/entities including new lines of business
- v. Declaration of dividend
- vi. Buyback of Shares



- vii. Issue of Bonus Shares
- viii. Investment in new lines of Business
- ix. Repayment of Debt
- x. Meeting contingency plans; and
- xi. Any other purpose as may be permitted by law

9. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has only one class of equity shares and hence there will be no differential treatment in dividend.

10. REVIEW & AMENDMENTS

This Policy shall be reviewed atleast once in every financial year and may be amended by the board at any time and is subject to (i) amendments to the Companies Act and (ii) further guidelines and enactments by the RBI.

To the extent any change/ amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law, however, notwithstanding such non-modification or pending such modification, the applicable law and regulations (as changed) shall prevail over the Policy, and the Policy shall be read accordingly.

11. DISCLOSURES

The Company shall make necessary disclosures which are mandatorily required to be made in compliance with the provisions of the Listing Regulations, in particular disclosures required in Annual Report and website of the Company. The Company shall also report and make necessary disclosures in the financial statements regarding the dividend declared to the Reserve Bank of India within the timelines prescribed by RBI from time to time.

In case, Company proposes, with the prior approval of the Board, to declare dividend on the basis of parameters in addition those specified under this policy or proposes to change such additional parameters, it shall disclose such changes along with rationale for the same in its annual report and on its website.
