

## **DIVIDEND DISTRIBUTION POLICY**

This policy will be applicable to Provati Insurance Company Limited (“The Company”). This policy is for declaration and payment of dividend to shareholders of the company. Further, Dividend Policies of the subsidiaries, wherever applicable, will be in line of the company’s Dividend policy and confirmed by the respective Board of Directors.

### **Declaration:**

Dividend shall be declared or paid out of

#### **i. Current Year’s profit:**

- a. After providing for depreciation and Tax in accordance with law.
- b. After transferring to the reserves such amount of Profit as may be prescribed, or

#### **ii. The Profits for any previous financial year(s)**

- a. After providing for depreciation in accordance with law, and
- b. Remaining undistributed.
- c. If the current year’s profit is not adequate then the company may declare dividend out of accumulated distributable from previous year or

#### **iii. Out of i) & ii) both**

Board should avoid the practice of payment of dividend from borrowings except for meeting timing difference between payments of dividend and generating positive cash flows provided there is sufficient profit generated. Wide variation in rate of dividend should be avoided.

### **Factors to be considered before declaration of Dividend:**

The Company strive to distribute the best possible consolidated Profit after Tax (PAT) as dividend.

However, since the company is in the initial stage of growth trajectory substantial Capital including internal accruals is required to be reinvested. Therefore, Board for next 3 years would exercise discretion in declaring the dividend based upon the requirement of capital for its portfolio business. The amounts paid as dividends in the past will not be necessarily indicative of the dividend amounts, if any that may be payable in future. The form, frequency and amount of future dividends shall be at the discretion of our Board and subject to the approval of our shareholders and will depend on various factors including but not limited to:

1. Revenues;
2. Cash Flows;
3. Financial Condition (including capital position);

4. Capital requirements;
5. Profit earned during the financial year;
6. Liquidity;
7. Future expansion plans;
8. Applicable taxes on dividend in hands of recipients including dividend distribution tax, where applicable;
9. Retained earnings vs. expected return from the business;
10. Adequate cash utilization opportunities

**Timing of Dividend:**

1) Interim dividends as and when decided by Board will be declared after considering the interim P&L Account and Balance Sheet statement for the period for which interim dividends are declared. Interim P&L Account and Balance Sheet Statement will be prepared considering the profit, depreciation for the full year, taxation including the differed tax and any anticipated losses for the year.

2) Final dividends as and when declared at the AGM of the shareholders will be based on the recommendations by Board based on review of audited financial statements of the year.

**This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communication to shareholders in a timely manner.**

The policy will be available on the Company's website and the link to the policy is:  
<https://provatiinsurance.com/dividend-distribution-policy>