



Dividend Distribution Policy

ideaForge Technology Limited

1. BACKGROUND:

The Policy's objective is to maintain guidelines for the Board of Directors of the Company ("**Board of Directors**" or "**Board**") 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.

Further predictability in dividend distribution plays a critical role in creating shareholder value. Given the importance of dividend in creating shareholder value, the Company has adopted this Dividend Distribution Policy to promote transparency in its financial operations, which is also a requirement stipulated in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

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

2. LEGAL FRAMEWORK:

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy ("**Policy**") which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

3. DEFINITIONS:

- i. **Act:** "Act" means the Companies Act, 2013 ("the Act"), as amended, 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. **SEBI Regulations:** SEBI Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- iii. **Dividend:** As defined under Section 2(35) of the Act.
- iv. **Free Reserves:** As defined under Section 2(43) of the Act. v. Words and Expressions used and not defined in this Policy but defined in the Act, Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

4. EFFECTIVE DATE:

The Board of Directors of the Company at its meeting held on December 14, 2022 has adopted the Dividend Distribution Policy (the "**Policy**") of the Company.

The Policy will come into force on December 14, 2022 all dividends declared on or after this date will conform to the Policy.

5. OBJECTIVE:

The objective of this Policy is to establish the parameters (including internal and external factors) to be considered by the Board of the Company before declaring or recommending a dividend. Through this Policy, the Company will endeavor to maintain fairness, consistency and sustainability while distributing profits to the shareholders of the Company.

The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on the distribution of or retention of profits, in the interest of providing transparency to the shareholders.

Further, the intent of the Policy is to inform stakeholders of the Policy of the Company with regard to declaration and distribution of dividend and to comply with statutory and regulatory requirements, to the extent applicable.

Subject to the criteria and factors mentioned in this policy document, the Board of the company shall make appropriate decisions regarding annual dividend payout. . .

The Board of Directors may consider the declaration of interim dividend depending upon the profits for the period and cash flow situation of the Company. The final dividend may be recommended by the Board and shall be decided at the Annual General Meeting of the Company.

DIVIDEND DISTRIBUTION PHILOSOPHY

The Company is committed to driving superior value creation for all its stakeholders. This policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders. It aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

6. CATEGORY OF DIVIDENDS

The Companies Act, 2013 provides for two forms of Dividend - Final and Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

Final Dividend

Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final Dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Interim Dividend

Interim dividend may be declared by the Board one or more times in a financial year as may be deemed fit by the Board. The Board of the Company would declare an interim dividend, 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.

7. FACTORS/PARAMETER FOR DIVIDEND DISTRIBUTION:

The factors / parameters falling within the following categories shall be considered while taking decision on dividend distribution. This is an illustrative list of factors and is not exhaustive.

(i) INTERNAL FACTORS

- (a)** Profitability of the Company during the period under consideration.
- (b)** Free cashflow for the period under consideration
- (c)** Growth and expansion plans including (but not limited to) any inorganic opportunities
- (d)** Debt repayment obligations
- (e)** Accumulated reserves, including retained earning
- (f)** Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- (g)** Earning Stability
- (h)** Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

(ii) EXTERNAL FACTORS

- (a)** Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.
- (b)** Contractual restrictions/restrictions (if any) in debt covenants
- (c)** Macro economic environment
- (d)** Market conditions
- (e)** Industry outlook for business in which company operates
- (f)** Changes in Government policies and regulatory provisions
- (g)** Cost of raising funds from alternate sources
- (h)** Any other factor which has a significant influence / impact on the Company's operations.

8. UTILIZATION OF RETAINED EARNINGS

The utilization of retained earnings will be based upon following factors (list is not exhaustive)

- a) long term and strategic plans of the Company
- b) Opportunities available to the Company – Organic and in-organic
- c) General corporate purposes including contingencies
- d) Issue of bonus shares or buy back
- e) Any other factor(s) which the board of the Company may consider appropriate

9. DECLARATION AND PAYMENT OF DIVIDEND:

- (a)** Dividend, other than interim dividend, for a financial year shall be paid after the annual financial statements of the Company are finalised and the distributable profits is available.

- (b) The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act.

Pursuant to the provisions of Section 123 of the Act, dividend shall be declared:

- (a) out of the profits of the Company for that year arrived after providing for depreciation in accordance with the provisions of the Act;
- (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)

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

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

- in case of inadequacy of profits or whenever the Company has incurred losses;
- whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital;
- significantly higher working capital requirement affecting free cash flow;
- whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies; and
- in case being prohibited to recommend/declare dividend by any regulatory body.
- The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for any proposed or ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the financial year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy, if any.

11. PROVISIONS WITH REGARD TO VARIOUS CLASSES OF SHARES

Presently the Company has only one class of shares, i.e. equity shares. As and when it proposes to issue any other class of shares, this policy shall be accordingly modified, if needed, to cover such other class of shares.

12. MODIFICATIONS/ DEVIATIONS TO THE POLICY:

The Board of Directors is authorized to approve any modifications/ deviations to the Policy and will be the competent authority for any interpretation regarding the Policy. The modifications in the Policy if any, authorized by the Chairman, shall be placed at the ensuing/ next meeting of the Board of Directors for noting/ ratification.

13. DISCLOSURE AND AMENDMENTS TO THE POLICY:

The Policy shall be disclosed in each of the Company's Annual Report and on the website of the Company

The Policy shall be reviewed periodically by the Board. Any amendments or changes made to it subsequent to the changes in the provisions of any Act or Regulations shall be disclosed in the annual report and on the website of the Company.

14. AMENDMENT

In the event of any conflict between the Act or the SEBI regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

15. DISCLAIMER

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding this policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

This Policy is approved by the Board at its meeting held on _____, 2023