



## **Dividend Distribution Policy**

### **Purpose & Scope**

5paise Capital Limited has in place Board approved dividend distribution policy covering the Company and the Subsidiaries as adopted on April 20, 2021. SEBI has recently mandated vide Press Release dated March 25, 2021 that top 1000 Companies (in terms of market capitalization) need to have a Dividend Distribution Policy in place.

Accordingly, this policy is to put into place the norms for the determination and declaration of dividend on equity capital by 5paise Capital Limited. While considering distribution and payment of dividend, the Company will ensure compliance with all the applicable provisions of the law including provisions of the Companies Act, SEBI, RBI, NHB and Income Tax Rules and Regulations etc. related thereto.

### **Objective**

5paise Capital Limited (the “Company”) has always strived to enhance stakeholder value for its investors. The Company believes that returning cash to shareholders is an important component of overall value creation.

### **Total Dividend**

1. At the Holding Company level, the total dividend payout for any financial year will be minimum 15% and maximum up to 35% (including applicable taxes on distribution of Dividend) of the consolidated profit after tax of the Company after Minority Interest.
2. At the Subsidiary level, the total dividend payout may be up to 100% of the respective consolidated /standalone profit after tax of the respective subsidiary.

### **Statutory and Regulatory Requirements**

The company while proposing equity share dividend will ensure compliance with the provisions of Companies Act, 2013 and the rules made thereunder to the extent applicable, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Articles of Association (AOA) of the Company.

### **Declaration of Dividend**

The decision regarding dividend shall be taken only by the Board at its meeting and not by a Committee of the Board or by way of a resolution passed by circulation. Interim Dividend shall be declared by the Board and Final dividend shall be paid only after approval of the Shareholders at the Annual General Meeting (AGM) of the Company.



The decision for declaration of dividend would also be subject to consideration of various factors mentioned in below clauses.

**Factors/ parameters that would be considered while declaring Dividend**

I. The financial parameters that shall be considered while declaring dividend

- a) The business plan and actual performance, the capital requirements, free cash flow, debt equity ratio (considering new capital, ESOPs, retained earnings, minimum net worth requirements as per respective regulatory requirements etc.);
- b) Adequacy of profits including the accumulated balance in Profit & Loss account; and
- c) Taxes on dividend.

The Board may consider a higher distribution with adequate justification or on special occasions.

II. The circumstances under which the shareholders:

i) May expect dividend:

- a. Surplus in Profit & loss (P&L) Statement.
- b. Profits in any Financial Year are more than 10% of the equity capital of the Company.

ii) May not expect dividend:

- a. If there are losses as per P&L Statement (including accumulated balance in P&L account).
- b. Profit in any Financial Year is less than 10% of the equity capital.
- c. If the total income from business/PAT from its ordinary activities in any Financial Year declines by more than 75% from the previous year.
- d. If the business is seriously affected and visibility is uncertain.

III. Internal and external factors that shall be considered for declaration of dividend:

i. Internal Factors:

- a. Projected investment in business/new business.
- b. Projected investments in Subsidiaries/Associates in the year and next year.



c. Networth/Capital adequacy as required under respective Regulatory requirements.

ii. External Factors:-

a. State of Economy/Industry/business.

b. Statutory Taxes/levies – Changes in income tax rates, DDT etc.

IV. The retained earnings shall be utilized for:

i) Proposed Capital expenditure.

ii) Investments/acquisitions.

iii) General corporate purposes including contingencies.

iv) Capital restructuring.

V. Parameters that shall be adopted with regard to various classes of shares:

The Company has only one class of equity shareholders at present.

#### **Periodicity of distribution**

On a yearly basis, the Company may distribute dividend by way of Interim Dividend/s a substantial portion of the total dividend of the Company. The balance portion may be declared by way of final dividend considering the full year's accounts and shall be paid after the approval of shareholders at the Annual General Meeting of the Company.

#### **Disclosures**

- a. This policy will be made available on the Company's website.
- b. The policy will also be disclosed in the Company's annual report

#### **Amendments to the Policy**

The Board shall review and amend this Policy as and when required.

Any subsequent amendment/modification in the regulation and/or other applicable laws in this regard shall automatically apply to this policy.