

## **DIVIDEND DISTRIBUTION POLICY**

### **Scope**

This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company's growth & sustainability.

Through this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Board of Directors (the "**Board**") of Aikyam Capital Advisors Private Limited (the "**Company**") has adopted this Dividend Distribution Policy (the "**Policy**") on [●].

### **Definitions**

- "Act"** means the Companies Act, 2013 and Rules made thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.
- "Board"** means Board of Directors of the Company.
- "Company"** means Aikyam Capital Advisors Private Limited.
- "Director"** means a director appointed to the Board of the Company.
- "Dividend"** means the dividend defined under Section 2(35) of the Act.
- "Free Reserves"** means the free reserves as defined under Section 2(43) of the Act.
- "SEBI LODR Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India, as amended, from time to time.
- "Policy"** means Policy on the dividend distribution.
- "Rules"** means the rules made under the Act, as amended.
- "SEBI"** means the Securities and Exchange Board of India.

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.

### **Category of Dividend**

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.

- a. **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.
- b. **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 Directors of 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 the immediately preceding three financial years.

#### **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:

- a. In case of inadequacy of profits or whenever the Company has incurred losses for the financial year;
- b. Whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- c. Whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital;
- d. Significantly higher working capital requirement affecting free cash flow;
- e. 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
- f. In case being prohibited to recommend/declare dividend by any regulatory body.

#### **Financial parameters and Internal and External factors that would be considered for declaration of dividend**

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

##### **Internal factors**

- a. Profits earned and available for distribution during the financial year
- b. Free cashflow for the period under consideration
- c. Growth plans both organic and inorganic
- d. Debt repayment obligations
- e. Accumulated reserves, including retained earnings
- f. Cost and availability of alternative sources of funding
- g. Past dividend trends- rate of dividend, EPS and payout ratio, etc.
- h. Capital expenditure requirements considering the expansion and acquisition opportunities.
- i. Earning Stability
- j. Capital restructuring, debt reduction etc
- k. Any other relevant factor not explicitly covered above but which is likely to have a significant impact on the Company.

#### **External factors**

- a. Changes in Government policies and regulatory provisions
- b. Contractual restrictions/restrictions (if any) in debt covenants
- c. Market conditions
- d. Economic environment, both domestic and global
- e. Taxation and other regulatory changes
- f. Inflation rates
- g. Cost of raising funds from alternate sources
- h. Any other factor which has a significant influence / impact on the Company's operations.

#### **Policy as to how the retained earnings will be utilised**

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders, subject to the applicable regulations, the Company's retained earnings shall be applied for:

- a. Long term strategic plans of the Company
- b. Payment of dividend or issue of Bonus Shares
- c. Opportunities available to the Company
- d. Diversification of business
- e. General corporate purposes including contingencies
- f. Any other factor(s) which the board of the Company may consider appropriate.

#### **Parameters that shall be adopted 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.

#### **Manner and timelines for dividend payout**

- a. Dividend for every financial year shall be decided by the Board considering various statutory requirements, financial performance of the Company and other internal and external factors enumerated earlier in the Policy.

- b. Interim dividend(s), if any, may be declared by the Board in addition to final dividend.
- c. 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.
- d. Subject to applicable laws, the payment of interim dividend shall be made within 30 days from the date of approval by the Board to the shareholders entitled to receive dividend on the record date.
- e. Recommendation for final dividend, 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 shareholders of the company.
- f. Subject to applicable laws, the payment of final dividend shall be made within 30 days from the date of approval by the members to the shareholders entitled to receive dividend on the record date.
- g. The Board of Directors may also declare interim dividend during the financial year, between two Annual General Meetings as and when they consider it fit.

### **Policy review and amendments**

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.

### **Disclosure of this Policy**

The Policy shall be disclosed in the Annual Report of the Company as well as on Company's website i.e. <https://aikyamcap.com/>.

### **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.