

## **Equitas Holdings Limited**

### **Dividend Distribution Policy**

#### **1. Need for Dividend Distribution Policy**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, Top 500 listed companies in India in terms of market capitalisation are mandatorily required to formulate a policy for Dividend Distribution and disclose the same on the website of the Company and the Annual Report.

The Dividend Distribution Policy is intended to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

#### **2. General Policy on Dividend Distribution**

It is the intention of the Board to maintain an appropriate Dividend Payout ratio of the Consolidated Profit after Tax, subject to the parameters mentioned in 4) below. Such Payout percentage amongst other factors, would be based on prevalent Dividend payment practices of Companies in similar business.

In the event of inadequate profits or any other circumstances, the Company may, on special occasion, pay Dividend from out of the past profits of the Company, subject to applicable rules.

While the targeted Dividend Payout Ratio would be based on the Consolidated Profits, the actual payment of Dividend would depend on the available distributable profits of the standalone Company.

Since the standalone Company is a Core Investment Company [CIC], the quantum of distributable profits would depend on the Dividend received from its main wholly owned subsidiary, ESFBL. ESFBL Dividend Distribution would be subject to regulations of RBI.

Dividend, if declared, will be paid annually within 30 days of the Annual General Meeting declaring such dividend. However, the Board, at its discretion, may pay Interim Dividends or Special Dividends on any special occasion or increase or decrease the Payout ratio, within the parameters mentioned below.

#### **3. Parameters for determining the quantum of Dividend Distribution**

The factors that will guide the quantum of dividend to be distributed will include the following:

##### **a. Internal Parameters**

- ✓ Consolidated Post-tax Profits
- ✓ Distributable Standalone Profits
- ✓ Need to conserve adequate resources for future business and operational growth & capital requirements of the subsidiaries
- ✓ Maintaining stable dividend pay-out over the years'
- ✓ Quantum of cash to be preserved for exigencies & contingencies
- ✓ Avenues for better utilisation of retained cash commensurate with the interest of all stakeholders

**b. External Parameters**

- ✓ General economic scenario both, domestic and global
- ✓ Practices adopted by Industry and Peer Group Companies

**4. Dealing with Retained Earnings**

Retained Earnings after payment of dividend will be utilised for the following purposes:

- ✓ Meeting funding requirements of the Subsidiaries in accordance with their long term Business Plans
- ✓ Maintaining a safety net to meet any exigencies or to take advantage of any business opportunities
- ✓ Deploying the free cash in treasury operations to earn decent return without compromising on the safety of the principal

**5. Circumstances under which Dividend may not be distributed**

- ✓ Year of inadequate profits or cash losses
- ✓ Cash requirement for any other unforeseen contingencies or circumstances

**6. Policy for Different Classes of Shares**

The holders of the equity shares of the Company, as on Record Date, are entitled to receive dividends. Since the Company has issued only one class of Equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. In the event the Company issues in future, any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

**7. Publication of the Policy**

This policy will be displayed on the website of the Company 'www.equitas.in' and also disclosed in the Annual Report of the Company as required by the Regulations in force from time to time.

**8. Amendments to the Policy**

The Board at its discretion may vary this policy, from time to time, including the aforesaid parameters and such changes will be updated on the website of the Company and further disclosed in the Annual Reports of the Company.