

**DIVIDEND DISTRIBUTION POLICY**

Geojit Financial Services Ltd (GFSL)

## **1. Introduction:**

This Policy is formulated in accordance with the Securities and Exchange Board of India (SEBI) the (Listing Obligations and Disclosure Requirements), (LORD) Regulations 2015. SEBI has subsequently amended this regulation by adding 43A regulation on 8th July 2016. The Regulation 43A required top five hundred listed companies (by market capitalization as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in their Annual Report and on websites. SEBI has further extended the provisions of regulation 43A of formulation of Dividend Distribution Policy to the top 1000 listed companies vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2021 dated May 05, 2021. Accordingly, in compliance to the provision of the aforesaid Regulation, it is proposed to the Board of Directors of Geojit Financial Services Ltd (GFSL) to approve the Dividend Distribution Policy for the Company.

## **2. Objective**

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of Geojit Financial Services Ltd (GFSL) before recommending dividend to its shareholders for a financial year. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations

## **3. Circumstances under which the Shareholders of the Company**

### **3.1 May expect dividend**

The Shareholders may expect dividend in all financial years where GFSL has both on a standalone and consolidated basis earned a net profit after tax.

### **3.2 May not expect dividend**

The shareholders of the Company may not expect Dividend under the following circumstances:

- ✓ In the event of inadequacy of profits or whenever the Company has incurred losses;
- ✓ Significant cash flow requirements towards higher working capital requirements/tax demands / or others, adversely impacting free cash flows;
- ✓ An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- ✓ Allocation of cash required for buy-back of securities;
- ✓ For any other reason as the Board may deem fit from time to time.

## **4. Criteria to be considered before recommending Dividend:**

As in the past, subject to the provisions of the applicable law, the GFSL's dividend payout will be

determined based on available financial resources, investment requirements and considering optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 45% to 75% of the annual standalone Profits after Tax (PAT) of the Company. The Board shall attempt that the Dividend amount in every financial year will be stable and steady. While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board will consider the following factors before recommending dividend:

**4.1 Statutory and Regulatory Compliance:**

GFSL shall declare dividend only after ensuring compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended subsequently.

**4.2 Financial Criteria:**

- ✓ Financial performance of the Company for the year for which dividend is recommended
- ✓ Any interim dividend paid
- ✓ Internal capital planning framework/policy
- ✓ Dividend payout trends
- ✓ Tax implications if any, on distribution of dividends
- ✓ Cost of raising funds from alternate sources of capital
- ✓ Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates of the Company
- ✓ Such other factors and/or material events which the Company's Board may consider

**4.3 External Factors:**

- ✓ Macro-economic environment
- ✓ Changes in Government policies, industry specific rulings and regulatory provisions
- ✓ Industry outlook for the future years

**5. UTILIZATION OF RETAINED EARNINGS:**

The Company may declare dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure/ acquisition(s) and for all other corporate purposes.

**6. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:**

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. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

**7. DISCLOSURES:**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

**8. POLICY REVIEW AND AMENDMENTS:**

This Policy would be subject to modification in accordance with the guidelines /clarifications as may be issued from time to time by relevant statutory and regulatory authority and other relevant external factors. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.