

# DIVIDEND DISTRIBUTION POLICY - AFCOM HOLDINGS PRIVATE LIMITED

## INTRODUCTION

SEBI has through its notification dated July 8, 2016 released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, incorporating Regulation 43A - Dividend Distribution Policy requiring top five hundred listed entities based on market capitalization (calculated on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed on their websites.

This Dividend Distribution Policy ("**Policy**") is made pursuant to the above-mentioned Regulation 43A of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as the "**Listing Regulations**").

The Policy has been formulated in line with the provisions of the Companies Act, 2013, regulations issued by SEBI, guidelines issued by Ministry of Finance/Ministry of Corporate Affairs and other guidelines, to the extent applicable on the Company. Any subsequent amendments in these provisions would, ipso-facto, apply to this Policy.

## EFFECTIVE DATE

This Policy was approved by the Board of Directors of the Company (the "**Board**") as on 12<sup>th</sup> February 2024. ("**Effective Date**").

## OBJECTIVE

This Policy lays down the general framework for considering and deciding the distribution of dividend to the Company's shareholders and/or retaining of earnings for sustained growth. The purpose of the Policy is to specify in broad terms, the external and internal factors including financial parameters that will be considered while deciding on the distribution of dividend, the circumstances under which shareholders of the Company, may or may not expect dividend and the Policy relating to retention and utilisation of earnings.

This Policy is not an alternative to the decision of the Board for recommending dividend every year based on all relevant factors namely, factors enumerated in this policy and also other additional factors that the Board may consider relevant in the overall interest of the Company. However, such additional factors if any resulting in

amendment of the policy will be disclosed in the Annual Report as well as the website of the Company.

## **DEFINITIONS**

Any capitalised terms used in this Policy without definition shall have the meanings assigned to them in the Listing Regulations.

## **FORMS OF DIVIDEND**

**Interim Dividend.** The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy. The Board should consider declaring an interim dividend after finalisation of quarterly/ half yearly financial results. This would be in order to supplement the annual dividend or to reward shareholders in exceptional circumstances.

**Final Dividend.** The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

## **DECLARATION OF DIVIDEND**

Dividend shall be declared or paid only out of –

1. Current financial year's profit:
  - a. after providing for depreciation in accordance with law;
  - b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion;
2. The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed; or
3. Out of (1) & (2) both.

## **PARAMETERS CONSIDERED FOR DECLARING DIVIDEND**

The quantum of dividend declared by the Company would depend upon the following external and internal factors:

### **Internal Factors.**

1. Existing and expected underlying financial performance;
2. Cash flow and liquidity position to meet contingencies or unforeseen events;
3. Business expansion/modernisation;
4. Capital expenditure in technology and infrastructure;
5. Investment plans for execution of Company's strategy;
6. Mergers, acquisitions and disposals;
7. Additional investment in joint ventures/subsidiaries/associates;
8. Restructuring activities;
9. Interim dividend, if any, already declared during the year;
10. Future requirement of funds for any share buy-back plans; and
11. Any other significant developments that require cash investments.

### **External Factors.**

1. Macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its Clients;
2. Cost of External Financing;
3. Market conditions and consumer trends;
4. Industry outlook for future;
5. Changes in Government policies, industry-specific rulings, tax and regulatory requirements; and
6. Changes in competitive environment requiring significant investment.

### **CIRCUMSTANCES UNDER WHICH A DIVIDEND MAY NOT BE PAID OUT**

The Company may not declare dividend under the following circumstances:

1. Adverse market conditions and business uncertainty;
2. In the event of the Company making loss or inadequacy of profits earned during the financial year;
3. Inadequacy of cash balance;
4. Expected capital requirements which are funded through internal accruals;
5. Changing government regulations;
6. Higher cost of raising funds from alternate sources; and
7. Where the Company is having a requirement of funds for Capex, requiring high capital allocation, working capital, repayment of loans taken in the past

It may be noted that declaration of dividend shall be at the discretion of the Board and subject to the provisions of Companies Act, 2013, SEBI Regulations, Guidelines issued by Ministry of Corporate Affairs/Ministry of Finance from time to time.

### **PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has issued only one class of shares i.e. equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.

### **UTILISATION OF RETAINED EARNINGS**

The Company shall utilise the Retained Earnings in the following manner in compliance with applicable rules and regulations:

1. To enhance future growth by venturing into new markets/geographies/verticals
2. The reduction of debt;
3. Research and development of new products to increase market share;
4. To utilize for capital expenditure by way of physical infrastructure, technology infrastructure, etc.
5. Inorganic growth opportunities, including mergers and acquisitions as may be approved by the Board of Directors of the Company from time to time.
6. If there are excess reserves beyond the medium to long term business requirements, the retained earnings may be distributed to shareholders via dividends or other means as permitted by the Companies Act, 2013 and other applicable regulations.

### **NON-APPLICABILITY OF THIS POLICY**

The Policy shall not apply to:

1. Distribution of dividend in kind i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
2. Distribution of cash as an alternative to payment of dividend through Buyback of equity shares.

### **POLICY REVIEW**

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors. The Board of

Directors may review this policy periodically by taking into account the national and global economic conditions, Company's growth and investment plans and financial position, etc. and in accordance with any regulatory amendments.

### **DISCLOSURE**

This Policy shall be disclosed on the website of the Company and web-link of the same shall also be provided in the annual reports.

### **CONFLICT OF PROVISIONS**

In the event of the Policy being inconsistent with any new regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy and the Policy shall be construed to be amended accordingly from the effective date of such provision.

### **AMENDMENTS**

The Company reserves its right to alter, modify, add, delete or amend any or all the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Government of India or any other regulatory authority from time to time. The amended Policy, if any, shall, however, be disclosed on the Company's website and in the ensuing annual report of the Company in accordance with the extant regulatory provisions.