

SG FINSERVE LIMITED
(Formerly known as Moongipa Securities Limited)

DIVIDEND DISTRIBUTION POLICY

1. Preamble

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the Annual Report and on the Corporate Website. Accordingly the Board of Directors of the Company has approved the Dividend Distribution Policy.

2. Objective

The objective of this Policy is to provide a broad Dividend Distribution Framework to all the Stakeholders of the Company. The Board shall refer to the guidelines laid out in this Dividend Distribution Policy while announcing any Dividend in a Financial Year keeping in mind the provisions of the Companies Act 2013 & Rules made therein & other applicable legal procedures. The Company currently has only one Class of Shares viz: Equity Shares.

3. Factors to be considered while declaring Dividend.

While recommending Dividend, the Board shall take into account various Internal & External factors which shall inter-alia include:

- a) Profitability of the Company during the relevant year.
- b) Past Dividend trends.
- c) Leverage profile.
- d) Future capital expenditure programmes including organic and inorganic growth opportunities.
- e) Company’s Liquidity Position and Cash flow position.
- f) Economic conditions and regulatory environment.
- g) Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- h) Qualifications in the Auditors’ Report to the financial statements; and
- i) Long term growth plans of the NBFC.
- j) Any other relevant factors that the Board may deem fit to consider.

Further, the Regulatory prescriptions contained in RBI Circular No. RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 shall be kept in mind while considering recommendation/declaration of dividend.

4. Utilisation of Retained Earnings

The retained earnings will be used inter alia for the Company’s growth plans, working capital requirements, investments, debt repayments, meeting contingencies or for other needs of the Company.

5. Declaration of Dividend

5.1 The Board may declare/recommend Interim/Final Dividend out of the profits of the Company for that year arrived at in conformity with the Companies Act.

5.2 Only in exceptional circumstances, the Board may consider utilizing its Retained Earnings for Declaration of Dividend subject to other applicable legal provisions.

5.3 The Board shall endeavour to achieve a Dividend Pay-out Ratio in the range of 15% - 25% (gross of dividend distribution tax) of Distributable Profits for the year on Consolidated Financials under normal circumstances. However, the Board shall continue to have the discretion to recommend a lower Dividend or no Dividend in case the business requirement so warrants.

6. Review & Modification

The Dividend Distribution Policy is subject to Review & Revision on periodical basis, as may be considered necessary by the Board. In case, the Board proposes to declare Dividend based on the basis of parameters other than those mentioned in the Dividend Distribution Policy, it shall disclose such changes along with the rationale therefore.

7. Disclosure

This Policy (as amended from time to time) will be available on the Company's website and in the Annual Report.