

Version No.1



FIRSTMERIDIAN BUSINESS SERVICES LIMITED

DIVIDEND DISTRIBUTION POLICY

(Approved by the Board of directors of FirstMeridian Business Services Limited on 12th April 2022)

BACKGROUND AND APPLICABILITY

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) require the top 1,000 listed companies (by market capitalization) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Board of Directors (“Board”) of FirstMeridian Business Services Limited (“Company”) has adopted this Dividend Distribution Policy to comply with these requirements.

THE POLICY SHALL NOT APPLY TO

- Issue of Bonus Shares by the Company;
- Buyback of Securities; and
- Determination and declaration of dividend on preference shares, as and when issued by the Company as the same will be as per the terms of issue approved by the shareholders.

DIVIDEND

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

DIVIDEND DISTRIBUTION PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus shall continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer-term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks 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.

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures and new product launches etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company;
- iv. Proposal for buy-back of securities; and
- v. In the event of loss or inadequacy of profit.

INTERIM AND FINAL DIVIDEND

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal be considered, shall be provided to the stock exchanges, as required by Listing Regulations.

FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

- Distributable surplus available as per the Act and Regulations.
- The Company's liquidity position and future cash flow needs.
- Track record of Dividends distributed by the Company.
- Pay-out ratios of comparable companies.
- Prevailing Taxation Policy or any amendments thereof, with respect to Dividend distribution.
- Capital expenditure requirements considering the expansion and acquisition opportunities.
- Cost and availability of alternative sources of financing.
- Stipulations/Covenants of loan agreements.
- Macroeconomic and business conditions in general.
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

UTILIZATION OF RETAINED EARNINGS

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits.

- Payment of Dividend in future years.
- Issue of Bonus shares.
- Any other permissible purpose.

POLICY REVIEW

The Board, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy. This policy shall subject to review when the Company issues different classes of shares.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.

DISCLAIMER

This document neither solicit investments in the Company's securities nor it is an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.
