KINETIC TRUST LIMITED

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

Kinetic Trust Limited ("the Company") is a listed public company and a non-banking financial company registered with the Reserve Bank of India ("RBI").

The Company recognises the importance of balancing appropriate returns to shareholders with the need to maintain financial stability, adequate liquidity, regulatory compliance and sustainable business growth.

This Dividend Distribution Policy ("Policy") establishes the principles and parameters to be considered by the Board of Directors while recommending or declaring dividends, subject to applicable law and regulatory requirements.

2. OBJECTIVES

The objectives of this Policy are to:

a. Establish a transparent framework for considering dividend distribution.

b. Balance shareholders' expectations with the Company's financial requirements.

c. Maintain adequate capital, reserves and liquidity.

d. Identify the financial, internal and external factors relevant to dividend decisions.

e. Establish principles governing the utilisation of retained earnings.

f. Ensure compliance with applicable company law, securities-market regulations and RBI directions.

3. APPLICABLE LAWS AND REGULATIONS

This Policy shall be read in conjunction with the applicable provisions of:

a. The Companies Act, 2013, including Sections 51, 123, 124, 125, 126 and 127, and the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended.

b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), including Regulations 43 and 43A, wherever applicable.

c. The Reserve Bank of India Act, 1934, including Section 45-IC, wherever applicable.

d. The Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025, and subsequent amendments or replacement directions, as applicable to the Company.

e. The Company's Memorandum and Articles of Association and other applicable statutory and regulatory requirements.

In the event of any inconsistency between this Policy and applicable law or regulatory directions, the applicable law or regulatory directions shall prevail.

4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY EXPECT DIVIDENDS

The Company may consider recommending or declaring dividends where it has sufficient profits legally available for distribution and satisfies the applicable financial, statutory and regulatory requirements.

In considering a dividend proposal, the Board shall take into account:

a. The Company's profitability and financial performance.

b. Availability of profits and reserves legally available for distribution.

c. Cash flows, liquidity and working capital requirements.

d. Capital adequacy, net owned funds and other applicable prudential requirements.

e. Existing and anticipated financial commitments.

f. Business plans, investment opportunities and future funding requirements.

g. The Company's risk profile and long-term financial sustainability.

h. The rights attached to the relevant class of shares.

i. Applicable RBI restrictions and the permitted dividend payout ratio, where relevant.

The declaration of a dividend in any financial year shall remain subject to the applicable legal requirements and the decision of the competent corporate authority. Shareholders shall not have an assurance of receiving a dividend in every financial year.

5. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDENDS

The Board may decide not to recommend or declare a dividend where:

a. The Company has incurred losses or does not have sufficient legally distributable profits.

b. The Company's liquidity or cash-flow position is inadequate.

c. Funds are required for working capital, investments, expansion or other corporate purposes.

d. The Company needs to strengthen its capital base, net worth or reserves.

e. The Company does not satisfy the applicable RBI prudential eligibility conditions.

f. A regulatory authority has imposed a restriction or direction affecting dividend distribution.

g. There is material uncertainty regarding earnings, asset quality, recoverability of investments or financial stability.

h. The proposed distribution would adversely affect the Company's financial position or ability to meet its obligations.

i. The Board considers retention of earnings to be in the best interests of the Company and its shareholders.

The above circumstances are illustrative and not exhaustive.

6. FINANCIAL PARAMETERS FOR CONSIDERING DIVIDENDS

The Board shall consider the following financial parameters, as applicable:

a. Net profit after tax and profits legally available for distribution.

b. Accumulated profits and reserves available for distribution under applicable law.

c. Operating, investing and financing cash flows.

d. Cash balances, liquidity requirements and working capital commitments.

e. Net worth, regulatory capital and applicable prudential ratios.

f. Asset quality, non-performing assets, provisioning and impairment requirements.

g. Borrowings, repayment obligations and contingent liabilities.

h. Earnings stability and historical dividend distribution.

i. Statutory reserve requirements and other applicable regulatory obligations.

j. The impact of the proposed dividend on the Company's future financial position.

k. The applicable dividend payout ceiling and eligibility conditions prescribed by the RBI.

The Board shall ensure that any proposed dividend is supported by legally available funds and is permissible under the applicable statutory and regulatory framework.

7. INTERNAL AND EXTERNAL FACTORS

7.1 Internal factors

The Board may consider:

a. Current and projected financial performance.

b. Business plans, investment opportunities and future growth requirements.

c. Capital, liquidity and working capital requirements.

d. Credit, investment, market and operational risks, as applicable.

e. Past dividend payments and shareholders' expectations.

f. Requirements of lenders, creditors and other stakeholders.

g. Material audit observations, qualifications and compliance findings.

h. The Company's long-term financial sustainability.

7.2 External factors

The Board may consider:

a. General economic conditions, inflation and interest-rate movements.

b. Financial-market conditions and investment opportunities.

c. Changes in taxation, company law and securities-market regulations.

d. RBI, SEBI and other regulatory directions applicable to the Company.

e. Industry developments and external risks affecting financial stability.

8. UTILISATION OF RETAINED EARNINGS

The Company may retain earnings instead of distributing them as dividends to meet its financial, operational and strategic requirements.

Retained earnings may be utilised for:

a. Meeting working capital and general corporate requirements.

b. Funding lawful investments and business opportunities.

c. Strengthening capital, net worth and financial resources.

d. Meeting applicable statutory reserve and regulatory capital requirements.

e. Repayment of borrowings and other financial obligations.

f. Providing for contingencies, unforeseen losses and financial risks.

g. Funding operational improvements, technology and infrastructure.

h. Any other lawful purpose approved by the Board.

The utilisation of retained earnings shall be determined by the Board after considering the Company's financial position, risk profile, regulatory obligations and long-term business objectives.

9. DIVIDEND PAYOUT APPROACH

The Company does not commit to a fixed dividend payout ratio, minimum dividend rate or annual dividend distribution.

The quantum of dividend, if any, shall be considered on a case-by-case basis, taking into account the factors specified in this Policy and the requirements of applicable law.

The Company shall comply with the eligibility conditions, dividend payout limits, reporting requirements and other prudential restrictions prescribed by the RBI for its applicable regulatory category.

No provision of this Policy shall be interpreted as permitting a dividend that is prohibited or restricted under applicable law or RBI directions.

10. DIFFERENT CLASSES OF SHARES

This Policy shall apply to the relevant classes of shares issued by the Company, subject to their respective rights and applicable law.

Equity shares: Any dividend on equity shares shall be considered based on distributable profits, financial position and the parameters specified in this Policy.

Preference shares: Any dividend on preference shares shall be governed by the terms of issue, rights attached to such shares and applicable law.

Where different classes of shares carry different dividend rights, distributions shall be made in accordance with those rights and applicable statutory requirements.

11. DECLARATION AND PAYMENT OF DIVIDENDS

The declaration and payment of dividends shall comply with the Companies Act, 2013, applicable rules, SEBI LODR Regulations, RBI directions and the Company's constitutional documents.

a. A final dividend, where recommended by the Board, shall be subject to approval by shareholders at the Annual General Meeting.

b. An interim dividend may be declared by the Board where permitted by law and supported by the Company's financial position.

c. The Company shall comply with applicable stock exchange disclosure, record-date, payment, tax and other prescribed requirements.

d. Dividends shall be paid within the applicable statutory period.

e. Unpaid or unclaimed dividends shall be dealt with in accordance with Sections 124 and 125 of the Companies Act, 2013 and other applicable requirements, including transfer to the Investor Education and Protection Fund wherever prescribed.

f. Appropriate records and supporting documentation shall be maintained for dividend decisions, declarations and payments.

12. SPECIFIC RBI COMPLIANCE REQUIREMENTS

Before any dividend is recommended or declared, the Company shall assess and document its compliance with the RBI directions applicable to its NBFC classification.

The assessment shall include, as applicable:

a. Compliance with regulatory capital and net owned fund requirements.

b. Compliance with applicable asset-quality and provisioning conditions.

c. Compliance with statutory reserve requirements, including Section 45-IC of the RBI Act, 1934, wherever applicable.

d. Compliance with the prescribed minimum prudential conditions for the relevant financial years.

e. Compliance with applicable dividend payout ceilings and other distribution restrictions.

f. Consideration of material supervisory findings, audit observations and regulatory directions.

g. Any prescribed regulatory reporting, intimation or approval requirements.

Where the Company does not satisfy an applicable regulatory eligibility condition, no dividend shall be recommended or declared unless the applicable RBI directions expressly permit the proposed distribution and all prescribed conditions are fulfilled.

The Board shall consider a documented compliance assessment prepared by the Company's responsible officers before deciding on any dividend proposal.

13. DISCLOSURE

Where Regulation 43A of the SEBI LODR Regulations applies to the Company, this Policy shall be disclosed on the Company's website, and the relevant web link shall be provided in its Annual Report as required under applicable law.

Amendments to the Policy and the rationale for such changes shall be disclosed wherever required.

The Company shall make other dividend-related disclosures required by SEBI, the stock exchange(s), the RBI and other competent authorities, as applicable.

14. REVIEW AND AMENDMENT

The Board may review this Policy from time to time or when required due to changes in the Company's business, financial position, applicable law or regulatory requirements.

Any amendment, modification or replacement of this Policy shall be approved by the Board in accordance with applicable law.

The Policy shall be interpreted consistently with the regulatory framework in force at the relevant time.

15. GENERAL

This Policy provides a framework for considering dividend distribution and does not create an obligation on the Company to declare or pay a dividend in any financial year.

Every dividend proposal shall be independently evaluated with reference to the Company's financial position, applicable statutory requirements, regulatory eligibility and long-term interests.