

DIVIDEND DISTRIBUTION POLICY

1. Introduction

ICICI Securities Limited (the “Company”) has been paying dividends in accordance with the Companies Act, 1956 and Companies Act, 2013. This policy documents the guidelines on payment of dividends, and sets out the key considerations for arriving at the dividend payment decision. The Board will have the flexibility to determine the level of dividend based on the considerations laid out in the policy and other relevant aspects.

2. Statutory and regulatory requirements

The Company while proposing equity share dividend will ensure compliance with the provisions of Companies Act, 2013 and the rules made thereunder to the extent applicable, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and guidelines provided under the section titled “Dividend Policy” in the Articles of Association (AOA) of the Company. Following are some of the brief provisions governing the declaration of dividend by the Company:

a) The Companies Act, 2013

As per the provisions of the Companies Act, 2013, the Company may declare interim/final dividend and has the option to transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company. In case of inadequacy or absence of profits in any financial year, the Company may declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be prescribed in this behalf.

In case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim

dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

b) Requirements under Articles of Association:

In addition to the regulatory requirements, the payment of dividends would be as per the guidelines provided under the section titled "Dividends" in the Articles of Association (AOA) of the Company.

3. Approval process and criteria to be considered for dividend payout

The Board of Directors of the Company would take into account the following aspects, including the financial parameters, while deciding on the proposal for dividend:

1. Profitability and key financial metrics including outlook over the medium term/ next 2-3 years;
2. Investment requirements for the Company including
 - a. inorganic growth opportunities, acquisition of brands or businesses or stakes as a part of its strategy;
 - b. Expansion or modernization of existing businesses; and
 - c. Additional investments in other businesses;
3. Expected future capital/liquidity requirements as well as extent of borrowings;
4. Stability of the dividend pay-out ratio;
5. The interim dividend paid, if any;
6. The auditors' qualifications pertaining to the statement of accounts, if any;
7. Whether dividend/coupon payments for non-equity capital instruments have been made;
8. The applicable regulatory requirements; and
9. Other factors and/or material events which the Board may consider.

The decision for declaration of dividend would also be subject to consideration of other relevant internal and external factors, including, for example:

- External factors including state of the domestic and global economy, government policies, capital market conditions and dividend policy of competitors and tax implications including applicability and rate of dividend distribution tax;
- Internal factors like shareholder expectations, including institutional and individual shareholders.

The decision regarding dividend shall be taken only by the Board at its meeting and not by a Committee of the Board or by way of a Resolution passed by circulation. Final dividend shall be paid only after approval at an Annual General Meeting (AGM) of the Company. Shareholder approval is not required for payment of interim dividend.

After giving due consideration to the aforementioned factors, the Board will endeavour to maintain a dividend pay-out (interim, if any, and final, put together) of at least 50 per cent of profits after tax (PAT) every financial year on a standalone financials. However, the Board may amend the pay-out, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

4. Utilisation of retained earnings

The Company would utilise the retained earnings for general corporate purposes, including organic and inorganic growth, investments in subsidiary and/or appropriations/ drawdowns as per the regulatory framework. The Board may decide to employ the retained earnings in meeting the Company's future growth plans, other strategic purposes and/or distribution to shareholders, subject to applicable laws.

5. Parameters for various class of shares

Currently, the Company has only one class of equity shareholders. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

6. Circumstances under which the shareholders may or may not expect dividend

The Company may not distribute a dividend or may distribute a reduced quantum of dividend when there is absence or inadequacy of profits. Also, if one or more of the criterion for recommendation of dividend is not fulfilled by the Company, including any regulatory restriction placed on the Company on declaration of dividend, or if in the light of the evolving and dynamic nature of the business environment, the Board is of the opinion that it would be prudent to conserve capital for growth or other exigencies, as per the assessment of the Board, dividend may not be declared or reduced dividend may be declared. There may also be obligations that the company could undertake under the terms of preference shares or other

debt capital instruments pursuant to applicable laws which might prohibit the Company from declaring dividend in certain circumstances. The Board may recommend higher dividends in any form, including special dividend, subject to applicable laws, if the capital and reserves position supports a higher distribution to the shareholders.

7. Conflict in Policy

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

8. Disclosure of Policy

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, www.icicisecurities.com.

9. Amendments

Any subsequent amendment/modification in the Companies Act, 2013, SEBI regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

10. Review

The dividend policy of the Company would be reviewed annually, or earlier if material changes take place in the applicable laws.