

DIVIDEND DISTRIBUTION POLICY

FSN E-COMMERCE VENTURES LIMITED

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1. OBJECTIVE

This policy applies to the distribution of dividend by FSN E-Commerce Ventures Limited (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

This Policy shall come into force from the date of listing of equity shares of the company on the stock exchanges.

2. DEFINITIONS

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

3. BACKGROUND

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 43 A – Dividend Distribution Policy requiring the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

This policy is not an alternative to the decision of the Board of Directors for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board of Directors.

The CFO and Compliance Officer of the Company will be jointly responsible for administration and compliance of this Policy.

a. The circumstances under which the shareholders may or may not expect dividend;

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the question of declaration of dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters

described in this policy. Among other considerations, broadly, dividend may not be declared if the Board believes there is a need to conserve capital for growth or other exigencies.

b. The financial /internal parameters that would be considered while declaring dividend;

The Board of Directors of the Company would consider the following financial parameters while declaring dividend or recommending dividend to shareholders:

- Capital allocation plans or growth plans (both, organic and inorganic) including:
 - o Expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.;
 - o Investments required towards execution of the Company's strategy;
 - o Funds required for any acquisitions that the Board of Directors may approve; and
 - o Any share buy-back plans.
- Financial performance of the Company for the year for which dividend is recommended
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax, as applicable) recommended for the year to the net profit for that year);
- Tax implications if any, on distribution of dividends;
- Cost of raising funds from alternate sources of capital;
- Any interim dividend paid;
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Cash flows;
- Earning stability;
- Any other significant developments or corporate actions (including but not limited to capital restructuring, debt reduction and capitalization of shares) that require cash investments.

c. External factors that would be considered for declaration of dividend;

The Board of Directors of the Company would consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any change in inflation;
- Cost of external financing or cost of raising funds from alternate sources;
- Any changes in the competitive environment requiring significant investment.

d. Policy as to how the retained earnings shall be utilized.

The Company would utilise the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of liquidity, meeting the Company's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders (including but not limited to market expansion plan, product expansion plan, modernization plan, diversification of business, and balancing the capital structure by de-leveraging the Company).

e. Provisions in regard to various classes of shares.

The provisions contained in this policy shall apply to all classes of Shares of the Company. Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares.

4. REVIEW

This policy will be reviewed and amended as and when required by the Board.

5. DISCLOSURE OF THE POLICY

This policy will be uploaded on the website of the Company. The Company also announces from time to time its capital allocation policy which is available at www.nykaa.com

6. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

7. VERSION HISTORY

S.No.	Version	Created by	Approved By	Effective Date	Amendment Summary
1	1.1	Corporate Secretarial	Board of Directors	10/11/2021	Policy drafted