

CAPITALMIND ASSET MANAGEMENT PRIVATE LIMITED
Policy for Income Distribution cum Capital Withdrawal
CAPITALMIND MUTUAL FUND

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Policy Version Control

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1	1	-	Formulation of the policy in accordance with SEBI circulars, AMFI Guidelines

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1. Objectives and Summary of policy

This Policy establishes the governance framework, decision-making authority, operational controls, and disclosure standards applicable to Income Distribution cum Capital Withdrawal (IDCW) across all schemes and plans of Capitalmind Mutual Fund.

This Policy lays down minimum control standards. Detailed operational workflows, templates, system validations, and calculation methodologies are documented separately in internal Standard Operating Procedures (SOPs)

2. Definitions

- a) Distributable surplus means the surplus available for income distributions cum capital withdrawal computed within the regulatory framework.
- b) AMC / CAMPL means Capitalmind Asset Management Private Limited.
- c) CAS means Consolidated Account Statement.
- d) CTPL / Trustee Company means Capitalmind Trustee Private Limited.
- e) Fund Accountant means the entity responsible for NAV computation and scheme accounting.
- f) IDCW means Income Distribution cum Capital Withdrawal (formerly "Dividend").
- g) MITRA means Mutual Fund Investment Tracing and Retrieval Assistant platform established by SEBI.
- h) RTA means Registrar and Transfer Agent.
- i) SID / KIM means Scheme Information Document / Key Information Memorandum.
- j) UHPC means Unit Holder Protection Committee.
- k) UPR means Unit Premium Reserve.

3. Broad Guidelines

- a) IDCW shall be declared only out of distributable surplus as determined by the Fund Accountant in accordance with the scheme accounting policies and applicable regulatory framework.
- b) IDCW shall not be paid out of Unit Premium Reserve (UPR) or out of unrealized gains.
- c) Where capital distribution arises through equalisation reserve adjustments, such distribution shall be distinctly disclosed and bifurcated from income

distribution in investor communications, CAS, and statutory disclosures.

- d) Declaration of IDCW is discretionary and subject to availability of distributable surplus, Provisions of the SID/KIM, Applicable regulatory requirements; and Approval framework specified in this Policy.

There shall be no assurance of periodicity or quantum of IDCW.

4. Governance Framework:

a) Decision Authority:

- The Trustees shall decide the quantum, record date and related terms for IDCW, in line with scheme documents in their meeting subject to distributable surplus.
- Where any scheme is listed, additional exchange / listing requirements (including listing agreement/LODR conditions) shall be complied with, in addition to Trustee requirements.

b) Delegation (where adopted) in case of liquid / debt schemes with frequent dividend distribution:

- To support operational agility, Trustees may, by formal board resolution of CTPL, delegate authority for frequent IDCW declarations (up to monthly) to the AMC CEO or a Trustee-approved AMC Committee mandatorily consisting as a member - CEO of the AMC , subject to the minimum conditions below.
- Delegation parameters (at minimum): eligible schemes, maximum frequency (up to monthly), maximum amount/rate (or formula), and any liquidity/portfolio constraints.
- Record date for the relevant scheme must be pre-stated in the offer document and shall be adhered to for delegated declarations.
- All delegated IDCW declarations shall be ratified by the Trustees at the subsequent Trustee meeting.

c) Communication controls:

- No communication of probable/indicative IDCW dates, yields or quantum is permitted before the formal decision and the statutory public notice (where applicable).
- All external communications on IDCW shall be coordinated by Operations with Compliance review; marketing advertisements (if any) must comply with the mutual fund advertisement code.

5. Operational process (minimum controls):

a) Pre-decision checks:

- Fund Management proposes IDCW based on surplus availability, liquidity and scheme constraints.
- Fund Accounting validates distributable surplus and confirms exclusions (including UPR and unrealized gains).

b) Decision, notice, record date and payment:

- Statutory public notice must be issued within 1 calendar day of the Trustee/authorized decision, except where SEBI permits notice-free frequent IDCW for eligible liquid/debt schemes with requisite SID disclosure.
- Record date will be same as ex-date for all relevant schemes, in case of holiday on next business day. Dividend will be booked on record date (Ex date is same as Record date) in FA (Fund Accountant) books and dividend rates will be provided to RTA (Registrar and Transfer Agent) and the AMC (Capitalmind AMC).
- IDCW proceeds must be paid/credited/dispatched within 7 working days from the record date, via electronic mode (NEFT/RTGS/IMPS/ECS/NECS) directly to the unitholder's registered bank account.
- IDCW shall be paid net of applicable taxes/withholding (TDS) in accordance with the Income-tax Act, 1961, as amended from time to time (e.g., section 194K for resident investors and relevant withholding provisions for non-residents).
- If payment is delayed, interest at 15% p.a. is payable for the period of delay; such interest is borne by the AMC (not the scheme) and investors must be informed.

c) Minimum content for public notice:

- Scheme/plan name, option (IDCW payout/reinvest), quantum/rate, record date and payment date/dispatch timeline.
- A clear statement that the NAV will fall to the extent of IDCW payout and statutory levy (if applicable).

6. Inactive folios and unclaimed amounts (MITRA and MF Master Circular):

- a) Inactive folios. For purposes of tracing and retrieval, CAMPL (through its RTA) shall treat a folio as inactive where there has been no investor-initiated transaction for 10 years shall participate in the MITRA platform as required by SEBI.

- b) Unclaimed IDCW/redemption amounts. CAMPL shall ensure compliance with the MF Master Circular framework for unclaimed amounts, including (at minimum):
- Permitted deployment of unclaimed amounts only in specified low-risk instruments / schemes (including A-1+ rated instruments/portfolios where required), with no exit load, TER capped at 50 bps, and AMC management fee capped at 0.5% (or as amended by SEBI).
 - Investor entitlement to income earned on such deployed unclaimed amounts only for claims made within 3 years from the due date; thereafter, the income (not the principal) is transferred to investor education purposes as per SEBI requirements.
 - Ongoing reminders and disclosures (including reporting in scheme disclosures and availability of unclaimed-amount information through designated channels) as prescribed by SEBI.
 - Periodic oversight by the Unit Holder Protection Committee (UHPC), including review of unclaimed amounts and inactive folios and effectiveness of tracing efforts via MITRA.
 - Publication of unclaimed IDCW/redemption amounts on the AMC website, updated at least annually, as required by SEBI.

7. Records, monitoring and exceptions:

- a) Operations shall maintain an IDCW decision file for each declaration (surplus computation, approvals, public notice proof, record date, payout/ dispatch evidence, and any delay/interest computation).
- b) Where applicable, the event file shall also include TDS/withholding computation, deposit proofs, statutory returns and investor TDS certificates (as applicable), maintained as per tax compliance SOP.
- c) Compliance shall test adherence to the above minimum controls at least annually and report material exceptions to the Trustees.
- d) Any exception to this policy requires prior approval of the Compliance Officer and CEO, and subsequent reporting to the Trustees.

8. Applicable regulatory references (as amended from time to time):

- a) SEBI Master Circular for Mutual Funds dated 27 June 2024 ("MF Master Circular").
- b) SEBI circular on MITRA (Mutual Fund Investment Tracing and Retrieval Assistant) dated 12 February 2025.
- c) SEBI (Mutual Funds) Regulations, 1996 (and any successor regulations notified by SEBI).

9. Annexure A: One-page compliance checklist (per IDCW event):

Tick each item before closing the IDCW event file.

- a) Surplus validated and source excludes UPR/unrealized gains
- b) Approval captured (Trustee or delegated authority within parameters)
- c) Public notice issued within 1 calendar day of decision (unless eligible notice-free frequent IDCW)
- d) Record date will be same as ex-date for all relevant schemes, in case of holiday on next business day.
- e) Payout completed within 7 working days from record date via electronic mode to registered bank account
- f) Applicable TDS/withholding determined, deducted (if applicable) and deposited; investor certificates/communications handled as per SOP
- g) Required NAV-fall disclosure included in public notice (where notice is issued)
- h) If delayed: interest at 15% p.a. computed, paid by AMC and investor informed
- i) Event file archived