

# Dividend Distribution Policy

Document ID: LG\_P\_008

Version Number: 3.0

Effective Date: 25<sup>th</sup> March 2024

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## 1. INTRODUCTION

Regulation 43A of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘the Listing Regulations’**) requires the top 1000 listed entities based on market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy (the **“Policy”**).

Accordingly, the Board of Directors (the **“Board”**) of the Company has adopted and formulated this Dividend Distribution Policy in its meeting held on 25<sup>th</sup> March 2024 and the Policy is effective from the said date.

## 2. OBJECTIVE

The Company is committed to enhance corporate value by developing/expanding its businesses and at the same appropriately rewarding the Shareholders by distributing dividends to them from time to time out of profits/reserves of the Company.

- a. The objective of this Policy is to provide guidelines to the Board of the Company in balancing the dual objectives of appropriately rewarding Shareholders through dividends and retaining capital to support development/expansion of the Company and maintain a healthy capital adequacy ratio;
- b. This Policy also aims to sets out the key parameters and circumstances that the Board needs to consider for arriving at the dividend distribution decision/recommendation. The Board may in extraordinary circumstances, deviate from the guidelines of this Policy by recording the reasons thereof;
- c. The Board has adopted a progressive dividend distribution policy which would under normal circumstance be previous year’s actual paid dividend as a floor with increase in line with the Company’s growth, while adhering to pay sustainable dividend keeping in view the Company’s policy of meeting the long-term growth objectives from internal cash accruals.

## 3. APPLICABILITY

The Company currently has only one class of shares i.e., equity, for which this Policy is applicable. The policy is subject to review if and when the Company issues different classes of Shares.

## 4. DIVIDEND

“Dividend” shall mean Dividend as defined under the Companies Act, 2013 or the Listing Regulations together with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

## 5. PAYMENT OF 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. In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting. The Board may declare/recommend Special Dividend as and when it deems fit.

The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the Stock Exchanges, as required by the Listing Regulations.

### PER SHARE BASIS

The dividend will be declared on per share basis only.

## 6. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS CAN EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future, organic and inorganic growth opportunities and other relevant external and internal factors and declare Dividend in any financial year.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with the provisions of the Act and Regulations, as applicable.

## 7. PARAMETERS

The Board shall consider the following parameters while declaring dividend or recommending dividend to shareholders:

### a. Financial

Subject to statutory requirements and the provisions of the Companies Act, 2013 and rules applicable thereunder, dividend shall be declared or paid only out of:

- I. Profit of current financial year.
  1. After providing for depreciation in accordance with law.

2. After transferring to reserves, such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

- II. The profits for any previous financial year(s):
  1. After providing for depreciation in accordance with law.
  2. Out of remaining undistributed amount; or

In computing the above, the Board may, at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in laws or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges and (vi) Additional investments in subsidiaries/associates/joint ventures.

#### **b. Internal**

- I. Current year profits, existing reserves and future projections of profitability;
- II. Funds required towards working capital, servicing of outstanding loans and capital expenditure;
- III. Funds required for merger/acquisitions and towards execution of the Company's strategy, including for business expansion and/or diversification acquisition of new businesses;
- IV. Minimum cash required for contingencies or unforeseen events;
- V. Debt obligations of the Company and cost of borrowings;
- VI. Past dividend pattern of the Company and the industry;
- VII. Reputation of the Company;
- VIII. Maintaining of required liquidity and return ratios;
- IX. Other corporate actions (for example, bonus issue, buy back of shares); and
- X. Any other significant developments that require cash investments, or as deemed fit by the Board

#### **c. External**

- I. State of the domestic and global economy, capital market conditions and dividend policy of competitors;
- II. Competition or client related risks
- III. Legislations impacting business or tax
- IV. Client related risks
- V. Any other external matter or risk
- VI. Industry outlook for future year
- VII. Providing for any contingencies
- VIII. statutory requirements and Government directives as may be applicable from time to time.

- IX. Any other relevant or material factor as may be deemed fit by the Board

## 8. UTILIZATION OF RETAINED EARNINGS

The profits earned by the Company which will be left after distribution of dividend can be retained in the business or used for various purposes as follows:

- a. Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.;
- b. Buyback of shares subject to applicable limits;
- c. Payment of Dividend in future years;
- d. Issue of Bonus shares; and
- e. Any other permissible purpose

## 9. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments which would deplete the Company's cash reserves or due to uncertainties in the business performance in the near to medium term or due to regulatory/contractual restrictions or if there an inadequacy of absence of profits, or higher working capital requirements for business operation of the Company, if any.

The Company may be restrained to declare dividends in the following circumstances:

- a. Inadequate profits: If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year;
- b. Dividend not to be declared out of reserves: As a rule, dividend for any particular financial year shall be recommended or paid out of the profit of that financial year and the Board shall not declare or recommend any dividend out of the reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report and website of the Company while declaring/ recommending dividend.

## 10. APPROVAL PROCESS

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 of the shareholders. Shareholder approval is not required for payment of interim dividend.

## 11. ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS

- a. **Entitlement:** The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b. **Timelines:** The payment of dividend shall be made within the time prescribed under the Companies Act, 2013 or the rules made there under. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

## 12. DISCLOSURE OF THIS POLICY

The Company shall disclose this Policy on its website and the web link of the same will be provided in the Annual Report of the Company.

## 13. MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavor to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

## 14. AMENDMENT

The Board is authorized to change/amend/alter this Policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Listing Regulations, etc.

## 15. DISCLAIMER

This document does not solicit investments in the Company's securities. Nor is it assurance of guaranteed returns (in any form), for investments in the Company's Equity Shares.

## 16. Annexure Z: Revision History

### a. Document Approval Information

Document Owner		Legal and Finance	
Author(s) Name & Designation(s)	25th March 2024	Srishti Kaushik Company Secretary & Compliance Officer	Reviewed and approved at the meeting of the Board of Directors held on 25 <sup>th</sup> March 2024
Reviewer(s) Name & Designation(s)	25th March 2024	Karthik Kannappan Vice President	
Approver Name & Designation(s)	25th March 2024	Board of Directors	
Final Reviewer Name & Designation(s)	25th March 2024	Harsha Haridas Business Process Lead-RAC	

### b. Revision Summary

Ver. No.	Ver. Date	Revised By	Description	Filename
3.0	25th March 2024	Srishti Kaushik	Clause on "Manner of Utilization of Retained Earnings" incorporated	Dividend Distribution Policy V3.0
2.0	25 <sup>th</sup> January 2024	Srishti Kaushik	Annual review by Board of Directors. No changes incorporated.	Dividend Distribution Policy V2.0
1.0	9 <sup>th</sup> December 2022	Srishti Kaushik	This is a base line document	Dividend Distribution Policy V1.0