

SAMTEL INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. This policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.

2. PURPOSE AND REGULATORY FRAMEWORK

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder (the 'Act') and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company. The Board of Directors (the 'Board') will consider the Policy while declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant parameters/circumstances enumerated hereunder or other factors as may be decided by the Board.

3. CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

4. TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

- Interim Dividend

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

- Final Dividend

Final dividend is recommended for the financial year at the time of approval of the Annual Financial Statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the Company.

5. DIVIDEND DECLARATION

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- I. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- II. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- III. Out of I and II both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

6. PARAMETER / FACTOR GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The circumstances for dividend pay-out decision depends on various external and internal factors as under:

External Factors: The Board shall consider various external factors while declaring dividend including the following:

- Economic Scenario - The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.

- Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

Statutory obligations under the Act to transfer a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. may impact the decision with regard to dividend declaration.

Dividend distribution tax or any tax deduction at source as required by tax regulations in India, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

- **Agreements with Lenders / Debenture Trustees** - The decision of dividend payout may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time.
- **Other Factors** - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

Internal Factors:

The Board shall consider internal factors while declaring dividend including the following:

- Outlook of the Company in line with business plan
- Profitability;
- Capex needs for the existing businesses;
- Mergers and Acquisitions;
- Expansion / Modernization of the business;
- Cost of raising funds from alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities
- Any other factor as deemed appropriate by the Board.

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered.

The Board shall endeavor to maintain the Dividend Payout Ratio (Dividend including Dividend Distribution Tax / Profit After Tax) between 10-15% of Consolidated Profit After Tax.

Taking into consideration the aforementioned factors, the Board shall endeavor to maintain a dividend payout.

8. UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- o Declaration of dividend - Interim or Final;
- o Issue of fully paid-up bonus shares;
- o Augmenting internal resources;
- o Repayment of debt;
- o Funding for Capex / expansion plans / acquisition;
- o Any other permitted use.

9. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The decision regarding Dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business.

The circumstances under which the shareholders may expect dividend would depend upon certain factors mentioned in Clause 6 above.

10. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Authorised Share Capital of the Company is divided into Equity Shares of Re. 10/- each and Preference Shares of Rs. 100/- each. The Preference Share Holders have preference of dividend over the equity shareholders. There is no privilege amongst Equity shareholders of the Company with respect to

dividend distribution. As and when the Company shall issue other class of Equity Shares or other kind of shares, this Policy may be suitably amended.

11. DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.samtelgroup.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12. EFFECTIVE DATE

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2016-17 onwards.

13. REVIEW / AMENDMENT

This Dividend Distribution Policy may be amended by the Board, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the provisions of the Act and the Listing Regulations, from time to time. Any amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.