

DIVIDEND DISTRIBUTION POLICY

Introduction

The Securities Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated July 08, 2016, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by the insertion of Regulation 43A, mandating the formulation of a Dividend Distribution Policy for the top 1000 listed entities based on their market capitalisation calculated on March 31 of every financial year, which shall be disclosed in its Annual Report and on its website.

Accordingly, the Board of Directors of the Company ("the Board") has approved this Dividend Distribution Policy of the Company ("the Policy") at its meeting held on August 30, 2022, which endeavours for a consistent approach to dividend pay-out plans, aid investors to match their investment objectives and to provide for long term capital appreciation for all stakeholders of the Company.

A. General Guidelines for Distribution of Dividend

- i. The Company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder, and any amendments made thereto.
- ii. The Board shall not recommend dividend if it is of the opinion that it is financially not prudent to do so.
- iii. If the Company proposes to declare dividend on the basis of parameters in addition to those covered in this Policy or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.
- iv. The dividend payout in any financial year, shall be subject to compliance of covenants with Lenders/Bond holders.

B. Circumstances under which the Shareholders may or may not expect Dividend

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the growth plans of business.

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus funds and after taking into consideration relevant internal and external factors (enumerated in para D of this policy) for declaration of dividend. However efforts will be made to maintain a dividend payout (including dividend distribution tax and dividend on preference

shares, if any) in the range of 15% to 20% of the consolidated net profits of the Company after tax, in any financial year, subject to compliance of covenants with Lenders/Bond holders.

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. In the event of loss or inadequacy of profit
- ii. Adverse Market Conditions or regulatory constraints
- iii. Proposal for Buyback of Securities
- iv. Specific need to conserve resources in view of any proposed large capital allocation for expansion and M&A activities.

C. Financial Parameters that shall be considered while declaring dividend

The following financial parameters shall be considered before declaration of dividend:

1. Income and Profitable parameters:
2. Other Financial Parameters:
 - I. Working Capital Requirements
 - II. Cost of raising funds
 - III. Reinvestment Opportunities
 - IV. Past Dividend Trends as also those declared by peers and other leading companies and investor expectations.

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

Retained Earnings may be utilised for capital expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purposes or it can be distributed to the shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

E. Parameters that shall be adopted with regard to various Classes of Shares:

i. Dividend on Preference Shares

Preference Shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of the Cumulative Preference Shares, if the Company is not having distributable profits for any certain financial year or the Company is not able to pay the dividend, then this shall be accumulated and be paid later on in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

The parameters mentioned at Clause A to D in this Policy shall not apply to determination and declaration of dividend on preference shares issued by the Company, as the same will be as per the terms of issue of such preference shares.

ii. Dividend on Equity Shares

Equity Shareholders shall be entitled for the dividend, interim or final, as the case may be, if declared by the Board of Directors or the shareholders of the Company. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

- F.** The final dividend is declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also declare an interim dividend, special dividend or a buyback for the benefit of the shareholders.

G. Amendments

The Board may at any point of time amend, modify or review this Policy in whole or in part, as may be deemed necessary.

H. Disclosure

This Policy, as approved by the Board of Directors, at its meeting held on August 30, 2022 shall be disclosed in the Annual Reports and hosted on the website of the Company- www.suyogtelematics.co.in