



DATAMATICS GLOBAL SERVICES LIMITED ["DATAMATICS"]

DIVIDEND DISTRIBUTION POLICY

Version	1.0
Department	Finance & Accounts
Approved By	Board of Directors at their meeting held on May 26, 2021
Effective Date	May 26, 2021

This policy applies to the distribution of dividend by Datamatics Global Services Limited ("The Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Background

This policy sets out principles to determine the amount that can be distributed to equity shareholders as dividend. The Company proposes to have a dividend distribution policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital structure to support its future capital and growth requirements.

This policy is being adopted and published in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI vide SEBI (Listing Obligation and Disclosure Requirements) (Second Amendment) Regulations, 2021 amended regulation 43A which prescribed that the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The regulation further prescribed that, the dividend distribution policy shall include the following parameters:

- (a) The circumstances under which the shareholders of the listed entities may or may not expect dividend;
- (b) The financial parameters that shall be considered while declaring dividend;
- (c) Internal and external factors that shall be considered for declaration of dividend;
- (d) Policy as to how the retained earnings shall be utilized; and
- (e) Parameters that shall be adopted with regard to various classes of shares.

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) 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.



Objective

The Company has always strived to enhance stakeholder value for its investors. The Company believes that returning cash to shareholders is an important component of overall value creation. The objective of this policy is to provide guidelines to the Board of Directors of the Company ("Board") 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.

This policy also aims to sets out the key parameters and circumstances that Board need 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.

Applicability

The company's issued capital has only one class of equity shareholders. Therefore, the dividend declared will be distributed equally among all shareholders, based on their shareholding on the record date.

The distribution of dividend shall be in accordance with the Memorandum & Articles of Association of the Company and all applicable laws.

Key Parameters for dividend declarations

The Company has consistent track record of paying dividend to shareholders except for FY19-20 wherein the Board of Directors of The Company ("Board") has decided not to declare dividend in view of the uncertainty looming in view of ongoing pandemic. The Company has paid dividend in 6 out of last 7 years.

The board recommends dividend distribution considering the following internal and external factors:

Internal

- Liquidity and reserves;
- Profits available for distribution of dividends;
- Projected cash flows considering forecasted capital expenditure, anticipated investments in M&A, working capital requirements, future commitments, loans servicing and repayments, any other developments requiring cash spend or investments, contingencies or unforeseen events;
- Current and Projected Debt-raising capacity;
- Maintaining of required liquidity and return ratios;
- Corporate actions resulting in significant cash outflows.



External

- The macro economic factors and the general business environment;
- State of the domestic and global economy, capital market conditions and dividend policy of competitors;
- Competition or client related risks;
- Legislations impacting business or tax;
- Any other external matter or risk.

We expect our dividend policy to be in line with historic trends. The Board has the discretion to recommend a higher or lower dividend keeping in mind the business considerations and other corporate actions which result in high utilization of cash.

Procedure for Dividend declaration

The Agenda for the Board of Directors of The Company where dividend declaration or recommendation is proposed shall contain the rationale for the proposal.

Pursuant to the provisions of the applicable laws and this Policy, the Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company and any final dividend recommended by Board of Directors, will be subject to the shareholders' approval, at the ensuing Annual General Meeting of the Company.

The Company shall ensure compliance of provisions of all applicable laws in relation to dividend declared by the Company.

Circumstances under which shareholders may not receive dividends or may receive reduced dividends:

The Board may choose not to recommend any dividend or may recommend a lower pay-out for a given financial year in certain situations including but not limited to -

- The Company has reported a net loss for the year or has weak projected earnings in future;
- Cash flow from operations is negative;
- Important strategic priorities which require large investments that would deplete The Company's cash reserve;
- due to uncertainties in the business performance in the near to medium term;
- The capital adequacy metrics of the Company are weak;
- The company has been prohibited from declaring dividends by any regulatory authority / financial institution owing contractual obligations;
- The Company has implemented, or intends to implement, a share repurchase (buy-back) scheme or ;



- any other alternative profit distribution measures;
- Any other extraordinary circumstances.

Board Discretion

The Board may recommend special dividend as and when it deems fit.

Utilization of retained earnings / Capital allocation

The profits / cash earned by the Company that is left after distribution of dividend can be retained in the business or used for various purposes or it can be redistributed to the shareholders or used for any other corporate action.

Review

The Board will review the Dividend Distribution Policy of the Company at least once every three years.

Disclosure of the policy

This policy will be uploaded on the website of the Company.
