



Cyient DLM Limited

Dividend Distribution Policy

Cyient DLM Limited

Mysore Office:
Plot no.347, D1 &2, KIADB
Electronics City, Hebbal Industrial
Area, Mysore 570 016,
Karnataka, India

Regd Off:
3rd Floor Plot No.11
Software units Layout,
Infocity, Madhapur, Hyderabad,
Telangana 500 081, India

www.cyientdlm.com
CIN: U31909TG1993PLC141346
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Policy Information:

Policy reference number	Policy Owner	Policy Approver	Creation date
CS/DLM/DDP/V0	Company Secretary	Board of Directors	27 December 2022

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1. Introduction

This Policy applies to the distribution of dividend by the Company in accordance with the provisions of CA 2013 and in line with the principles laid down in Regulation 43A of LODR 2015.

The Regulation further prescribes that, the dividend distribution policy shall include the following parameters:

- i. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- ii. the financial parameters that shall be considered while declaring dividend;
- iii. internal and external factors that shall be considered for declaration of dividend;
- iv. policy as to how the retained earnings shall be utilized; and
- v. parameters that shall be adopted with regard to various classes of shares.

Provided that if the Company 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.

This Policy is effective from 27 December 2022

2. Objective

The Policy seeks to provide the broad guidelines for determining the quantum, timing and type of dividend that may be declared by the Company.

3. Applicability

This Policy is applicable to the Company for distribution and payment of dividend

4. Definitions

- 4.1 **“Board”** means the Board of Directors of the Company.
- 4.2 **“CA 2013”** or **“Act”** means the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 4.3 **“Company”** or **“Cyient DLM”** means Cyient DLM Limited.
- 4.4 **“Dividend”** means Dividend as defined under CA 2013.
- 4.5 **“LODR 2015”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 4.6 **“Policy”** means this Dividend Distribution Policy as amended and approved by the Board from time to time.

Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the CA 2013 or LODR 2015 or any other applicable law or guidelines.

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5. Criteria and Parameters to be considered

The Board shall recommend / declare dividend distribution based on the following factors:

a. Internal Factors

- i. Reported and Projected Net Profit after Tax (PAT) available for distribution in the financial statements prepared in accordance with Indian Accounting Standards (AS) for the current and projected periods;
- ii. Reported and Projected statements of Free Cash Flow generation;
- iii. Current and Projected Cash Balance;
- iv. Current and Projected Debt-raising capacity;
- v. Committed and projected cash flow needs owing to forecast capital expenditure, anticipated investments in M&A and working capital requirements for current and projected periods;
- vi. Corporate actions resulting in significant cash outflow for the Company;
- vii. Minimum cash required for contingencies or unforeseen events;
- viii. Funds required to service any outstanding loans;
- ix. Liquidity and return ratios;
- x. Such other factors and/or material events which the Board may consider.

b. External Factors

- i. The macro-economic factors and the general business environment;
- ii. Compliance with prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws and any political changes;
- iii. Introduction of new regulatory requirements or material changes in existing regulatory requirements, which significantly affect the businesses in which the Company is engaged;
- iv. Shareholder expectations;
- v. Dividend pay-out ratios of companies in the same industry;
- vi. Competition or client related risks.

6. Circumstances when Shareholders may not expect Dividend Distribution

The Company will endeavour to declare dividend when feasible. However, in the following circumstances, the shareholders may not expect distribution of dividend:

- i. Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- ii. An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- iii. Allocation of cash required for buy-back of securities;
- iv. Any of the above referred internal or external factors restraining the Company from considering dividend distribution;
- v. Regulatory constraints whereby the company is prohibited to distribute any dividend;
- vi. Any other circumstances as may be determined by the Board.

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7. Utilization of Retained Earnings

Retained earnings will be deployed for any one or more of the following purposes:

- i. General working capital and business purposes or for capital expenditure;
- ii. Maintenance of an optimum level of capital adequacy and meeting the Company's future growth/expansion plans;
- iii. Capitalisation and issue of shares, buyback, declaration of dividend or any other purpose permitted under the CA 2013;
- iv. Retained Earnings may be used for corporate actions in accordance with applicable law. The declaration and payment of dividend shall be subject to applicable laws and Secretarial Standards issued from time to time;
- v. Such other purposes as the Board may consider in the best interest of the Company and its stakeholders.

If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via dividends or other means as permitted by applicable regulations.

8. Parameters for Various Classes of Shares

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

9. Procedure and Timelines for Dividend Declaration

a. Interim Dividend

The Board may declare interim dividend during the financial year or at any time during the period from closure of financial year till holding of the Annual General Meeting. The Board may consider any of the above-mentioned factors while declaring any interim dividend.

Further, the Board may declare interim dividend any number of times during a financial year.

b. Final Dividend

The Board shall have the power to recommend final dividend as a percentage of the face value of the shares and place the same before the shareholders for their approval in the Annual General Meeting of the Company.

Final dividend is recommended at the Pre-Annual General Meeting Board meeting and declared at the Annual General Meeting of the shareholders, based on recommendations of the Board.

Mode of Payment of Dividend

No dividend shall be paid by the Company in respect of any share except to the registered shareholder of such share or to his/ her order or to his/ her banker and shall not be payable except in cash. Any

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dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

The Company shall follow the procedure and requirements prescribed under the CA 2013 with respect to computation, declaration and payment of dividend and treatment of unpaid/ unclaimed dividend.

10. Website Disclosures

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

11. Review and Amendment

The Board may at any time, amend this Policy either pursuant to any change in law or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy.

12. Detailed Version Control Sheet

This section is the control sheet of all the changes that have been carried out in the Policy and shall list the changes done since inception.

Change in version no.	Page no.	Section no.	Erstwhile section	New/Modified section	Reason for change