

DIVIDEND DISTRIBUTION POLICY

1. Background and Applicability

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 introduced on 8th July 2016. This policy will be effective from May 29, 2019 being the date of its approval by the Board of Directors (“**Board**”) of the Company.

Allied Digital Services Limited (“**the Company**”) currently has only one class of shares, viz. Equity, for which this policy is applicable.

2. Objective

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company and ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company.

3. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:

Internal factors:

- a. Financial performance including profits earned, available distributable reserves etc;
- b. Working Capital requirement
- c. Capital Expenditure requirement
- d. Cost and availability of alternative sources of financing
- e. Resources required to fund acquisitions and/or new businesses
- f. Cash flow required to meet contingencies and unforeseen events
- g. Outstanding borrowings and debt repayment schedules;
- h. Distributable surplus available as per the Act and Regulations
- i. Past Dividend Trends
- j. Any other factor as deemed fit by the Board.

External factors:

- a. Macro-economic and business conditions in general
- b. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;

- c. Dividend pay-out ratios of companies in the same industry.

4. Circumstances under which the shareholders may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

- a) In the event of inadequacy of profits or whenever the Company has incurred losses;
- b) Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- c) An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- d) Allocation of cash required for buy-back of securities and
- e) Any of the above referred internal or external factors restraining the Company from considering dividend.

5. Utilization of retained earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The profits retained by the Company (i.e. retained earnings) shall be used for the purposes including but not limited to:

- a) Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- b) Payment of Dividend in future years
- c) Any other permissible purpose

6. Parameters to be adopted with regard to various classes of shares

- a) The Company has only one class of shares referred to as Equity Shares of the face value of Rs. 5/- each, forming part of its Issued, Subscribed and Paid-up Share Capital.
- b) Dividend (including interim and/or final) would be declared and paid to Equity Shareholders on the percentage of the face value or the profits of the Company as may be determined by the Board from time to time

7. Procedure

- a) The dividend proposal placed before the Board for consideration shall be in terms of this policy.
- b) The agenda of the Board where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

- c) Pursuant to the provisions of applicable laws and this Policy, Final Dividend, if any, recommended by the Board, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.
- d) The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

8. Information in Annual Report

In case the Board proposes not to distribute the profit, the grounds thereof shall be disclosed to the shareholders in the Annual Report of the Company.

9. Disclosure on web-site:

This policy shall be disclosed on the website of the Company.

10. General:

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy after seeking approval of its Board. Notwithstanding the above, this Policy shall automatically stand modified to cover revisions/amendments in accordance with applicable laws and regulations in force from time to time.
