

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. PREAMBLE

1.1 The Dividend Distribution Policy (hereinafter referred to as the “**Policy**”) has been developed in accordance with the applicable provisions of the Companies Act, 2013 and applicable SEBI regulations.

1.2 The Board of Directors (the “**Board**”) of Saksoft Limited (the “**Company**”) has adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

2. PURPOSE

The Securities and Exchange Board of India (“SEBI”) vide its Gazette Notification dated May 05, 2021 has amended the Listing Regulations by making Regulation 43A applicable for Top 1000 listed entities based on their market capitalisation. Saksoft has become one of the Top 1000 Listed Entities, as on December 23, 2021 and hence there is a requirement to have a Dividend Distribution Policy for the Company as per the Listing Regulations.

3. OBJECTIVES

The Board has laid down broad framework for distribution of dividend to its shareholders and or retaining or plough back of its profits. The objective of the Policy is to lay down criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time.

4. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

Financial Parameters and Internal Factors

- Profits earned during the year
- Retained Earnings
- Earnings Outlook for next five years
- Liquidity position including its working capital requirements and debt servicing obligations
- Operating cash flow and future cash flow needs
- Any other relevant factors and material events

External Factors

- Industry outlook Macro-Economic environment and any changes therein affecting the geography in which the Company operates;
- Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged
- Government Policies and any changes there in
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged

5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall consider the internal and external factors aforesaid in point 4. They shall also take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

6. UTILIZATION OF RETAINED EARNINGS

6.1 Retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.

6.2 The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

6.3 The decision of utilization of the retained earnings of the Company shall *inter-alia* be based on the following factors:

- Long term strategic plans
- Market / Product expansion plan
- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the company
- Other such criteria as the Board may deem fit from time to time.

7. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

7.1 The Company has only one class of equity shareholders presently;

7.2 In case the Company issues different class of equity shares any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.

7.3 The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

7.4 The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

8. APPLICABILITY OF THE POLICY

The Policy shall not apply to

Determination and declaring of dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;

Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law

Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

8. DISCLOSURES

The Policy shall be disclosed in the on the website of the Company i.e. at www.saksoft.com