

# ARCHANA SOFTWARE LIMITED

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## DIVIDEND DISTRIBUTION POLICY

### 1. Introduction

This Dividend Distribution Policy (the "Policy") of Archana Software Limited, framed in accordance with the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 123 of the Companies Act, 2013 read with the applicable rules framed there under, as may be in force for the time being will regulate the process of dividend declaration and its pay-out by the Company.

This Policy has been adopted by the Board of the Company at its Meeting held on 22.03.2019. The Policy shall also be displayed in the Annual Report and also on the website of the Company.

### 2. Definitions

"Act" shall mean the Companies Act, 2013 including the Rules made thereunder.

"Company" shall mean Archana Software Limited.

"Chairman" shall mean the Chairman of the Board of Directors of the Company.

"Board" or "Board of Directors" shall mean Board of Directors of the Company.

"Dividend" shall mean Dividend as defined under Companies Act, 2013 or SEBI Regulations. As per section 2(35) the Companies Act, 2013, dividend includes any interim dividend.

"SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

### 3. Purpose of Policy

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/ recommending dividends on behalf of the Company.

#### **4. Financial Parameters that shall be considered while declaring dividend**

Following financial parameters shall be considered while declaring dividend:

- Current year financial results/ profitability;
- Cash flow and Liquidity position;
- Distributable surplus available under law;
- Retained Earnings to be maintained;
- Short term and long-term funding requirements;
- Capital commitments; and
- Exceptional/windfall profits, if any, during the year.

#### **5. Factors that shall be considered while recommending/declaring dividend**

##### **5.1 Internal Factors**

- Profits earned during the year
- Present & future capital requirements of the existing businesses
- Brand/business acquisitions
- Expansion/modernization of existing businesses
- Additional investments in subsidiaries/associates of the Company
- Fresh investments into external businesses
- Contingency Fund requirement
- Accumulated cash surplus
- Cost of raising funds from alternate sources

##### **5.2 External factors**

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or of its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.
- Any other relevant factors that the Board may deem fit to consider before declaring dividend.

#### **6. Dividends**

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. Further, the Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

- a) Final dividend: The Final dividend is paid once for the financial year after the annual accounts is prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in an annual general meeting. Board to recommend quantum of final dividend payable to shareholder in its meeting in line with this Policy, based on the profits arrived at as per the audited financial statements.
- b) Interim Dividend: This dividend will be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy.
- c)

## **7. Dividend Distribution**

The Board of Directors shall endeavour to take a decision for Dividend Distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several parameters which form part of this Policy.

The Dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

## **8. The circumstances under which the shareholders may or may not expect dividend**

Circumstances under which the Shareholders of the Company;

### **a) May expect dividend**

The Shareholders may expect dividend in all financial years where the Company has on a standalone as well as consolidated basis earned a net profit after tax ("Profit").

### **b) May not expect dividend**

In circumstances where the financial position of the Company is such that the Company has inadequacy of profits or whenever the Company has incurred losses and the Board considers it appropriate not to declare dividend for such particular year. The dividend may also not be paid for any other reason(s) as the Board may deem fit from time to time. In such event(s), the Board will provide the relevant rationale in the Company's Annual Report.

## **9. Utilisation of Retained Earnings**

The Company shall endeavour to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its stakeholders. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as may be approved by the Board of Directors of the Company.

## **10. Parameters for Various Classes of Shares**

This policy has been framed in respect of existing class of shares i.e., equity shares. In case the company proposes to issue any different class of shares e.g., Preference shares etc., then the parameters for distribution of dividend for that class of shares shall be in accordance with the term of that particular issue.

## **11. Amendments/ Modifications**

The Board may, from time to time, make amendments to this Policy to the extent required due to change(s) in applicable laws and/or regulatory directives or as may be deemed fit upon periodical review.