

## **Dividend Distribution Policy**

### **Introduction**

The Policy is intended to indicate the approach of the Board of Directors of the Company for recommendation on amount of dividends on the Company shares and the procedure for their payment.

### **Philosophy**

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy. The company believes in continuing a reasonable balance between cash retention and distribution of dividend to its shareholders.

### **Definitions**

For the purposes of this policy:

"**Act**" shall mean the Companies Act, 2013 and shall include any amendments made thereto.

"**Rules**" Companies (declaration and payment of Dividend) Rules, 2013.

"**Dividend**" has been defined under Section 2(35) of Act. The term "Dividend" includes any interim dividend.

"**Company or Centum**" shall mean Centum Electronics Limited, wherever it is referred to in the policy.

"**Board**" means Board of Directors of Centum.

"**Policy**" shall mean the Policy on Dividend Distribution Policy of Centum.

### **Effective date**

The Board of Directors of Centum Electronics Limited has, at its meeting held on February 14, 2017 approved and adopted this policy.  
Effective Date: February 14, 2017.

### **Dividend payout**

The Board will endeavor to achieve a dividend payout ratio (including dividend distribution tax) in the range of 20% to 25%. The Board also 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.

The Company shall declare dividends for a financial year out of the profits of the company for that year or out of the profits of the company for any previous financial year or years after providing for depreciation in accordance with applicable laws.

## **Types of Dividends**

### **A. Final Dividend**

Dividend is said to be a final dividend if it is declared at the Annual General Meeting of the Company. Final dividend once declared becomes a debt enforceable against the Company. Final Dividend can be declared only if it is recommended by the Board of Directors of the Company.

### **B. Interim Dividend**

Dividend is said to be an interim dividend, if it is declared by the Board of Directors between two annual general meetings of the company. However, all the provisions relating to the payment of dividend shall be applicable on the interim dividend also.

## **Factors determining the Dividend**

### **A. Internal Factors**

- 1) Upcoming Projects
- 2) Expansion Plans
- 3) Technology Up gradation
- 4) Merger and acquisitions
- 5) Contingency Funds
- 6) Liquidity Positions

### **B. External Factors**

- 1) Economy in which company is operating
- 2) Statutory requirements
- 3) Capital Markets

## **Utilization of retained earnings**

Retained earnings may be used for corporate actions in accordance with the applicable laws, maintain existing operations/increase sales and profits, and for investments towards growth of the business.

## **Review**

This policy will be reviewed periodically by the Board.

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