



## **DIVIDEND DISTRIBUTION POLICY**



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## **1. Background**

The Securities and Exchange Board of India (“SEBI”), vide its Notification dated July 8, 2016, has issued SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (“Regulations”). The Regulations mandate top 500 listed entities based on market capitalization to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. It is in this context that the Dividend Distribution Policy (“Policy”) is being framed and implemented.

The regulation prescribes that the dividend distribution policy shall include the following parameters:

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

Provided that if the listed entity 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.

## **2. Objective of the Policy**

This Policy is framed in accordance with the requirement under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2015 (including any amendments thereof).

## **3. Considerations**

The Board of Directors of the Company (“Board”) recommends dividend distribution based on the following factors:

- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position keeping in view the total debt to equity ratio.
- Possibilities of alternate usage of cash, e.g. capital expenditure, anticipated investments in Merger & Acquisitions, Amalgamations, Corporate Restructuring and working capital requirements for current and projected periods etc., with potential to create greater value for shareholders
- Providing for unforeseen events and contingencies with financial implications.



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- Internal and/or external factors
- Retained earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of business

The Board may declare interim dividend(s) or special dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

#### **4. Circumstances under which the shareholders of the listed entities may not expect dividend**

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments or uncertainties in the business performance in the near to medium term.

#### **5. Effective Date**

The Policy, as approved by the Board of Directors, shall be effective 3<sup>rd</sup> February, 2016

#### **6. Amendments**

This Policy shall be subject to review as may be deemed necessary by the Board of Directors