

# **DIVIDEND DISTRIBUTION POLICY OF DIGILOGIC SYSTEMS LIMITED**

*The policy is adopted by the Board of Directors in their meeting held on 28.07.2025*

## OBJECTIVE

The Board of Directors ("**the Board**") of Digilogic Systems Limited ("**the Company**") understands the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency, the Board of the Company, has adopted the Dividend Distribution Policy ("**the Policy**") and procedures with respect to Dividends to be declared/recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") as amended from time to time. Dividends if declared, would ordinarily be recommended after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as per the applicable provisions of the Companies Act, 2013 as amended from time to time (the "**Act**") and the Rules framed thereunder as amended from time to time (the "**Rules**"). The Board may also declare interim dividends as may be permitted by the Act.

The objective of the Policy is to ensure a balance between the quantum/amount of dividend proposed and paid and the amount of profits retained in the business of the Company for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of the Company for distribution of dividend from time to time. Through this Policy, the Company also endeavors to maintain fairness and consistency while considering distribution dividend to its shareholders.

Though the Policy only represents a general guidance to the decision of the Board for recommending dividend, however in exceptional circumstances, the Board reserves the right to recommend dividend in deviation to this Policy, if so deemed necessary in the best interests of the Company and its stakeholders.

## EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board 28<sup>th</sup> July 2025.

## DEFINITIONS

1. "**Act**" means Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
2. "**Applicable Law**" means the Act, the SEBI Listing Regulations, Securities Contracts, (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996, or any other law or act as may be applicable
3. "**Board**" or "**Board of Directors**" means the Board of Directors of the Company.
4. "**Company**" means Digilogic Systems Limited.
5. "**Dividend**" includes any interim dividend and shall mean Dividend as defined in section 2(35) of the Act.
6. "**Dividend payout ratio**" means a fraction of net income a company pays to its shareholders as dividend.

7. **"Free Reserve"** are as defined under section 2(43) of the Act.
8. **"SEBI Listing Regulations"** shall mean the "Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015", as amended from time to time.
9. **"Policy"** means this Dividend Distribution Policy.
10. **"Paid-up Share Capital"** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.

Words and expressions used but not defined in this Policy but defined in any applicable law shall have the same meaning respectively assigned to them in such applicable law.

#### **DECLARATION OF DIVIDEND**

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Act and rules made thereunder along with SEBI Listing Regulations as amended from time to time.

#### **FINANCIAL PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND**

While determining the nature and quantum of the dividend paid out the Board would consider the following factors.:

#### **FINANCIAL PARAMETERS INCLUDING INTERNAL FACTORS TO BE CONSIDERED BEFORE RECOMMENDING/ DECLARING THE DIVIDEND:**

The Board of Directors of the Company would consider the broadly following financial parameters and factors before declaring or recommending dividend to shareholders:

1. Profitable growth of the Company and specifically, profits earned during the financial year as compared with previous years,
2. Internal budgets,
3. Earning stability and outlook,
4. Past dividend pattern;
5. Cash flow position of the Company and the cost of borrowings,
6. Current year's earnings from which dividend is to be paid,
7. Capital expenditure to be incurred by the Company,
8. Post Dividend Earning Per Share (EPS),
9. Accumulated reserves,
10. Statutory requirements like transfer to statutory reserve fund etc.
11. Liquidity position of the company including its working capital requirements and

debt servicing obligations,

12. Future cash requirements for organic growth/expansion and/or for inorganic growth,
13. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
14. Deployment of funds in short term marketable investments,
15. Long term investments,
16. Brand/Strategic acquisitions,
17. Investment in subsidiaries, joint ventures, associates and research and development,
18. The ratio of debt to equity (at net debt and gross debt level),
19. Covenants, provisions and restrictions of any agreement(s), memorandum of understanding(s) (MOUs) including borrowing agreement(s) and terms and conditions for issuance of Debentures and/or other debt instruments, if any,
20. Business Cycle and expected trend in the business of the Company,

Any other factor as may have deemed fit by the Board from time to time or as may be required to be considered under applicable laws.

#### **EXTERNAL FACTORS:**

1. Business cycles,
2. Economic environment,
3. Industry outlook for the future years,
4. Cost of external financing,
5. Inflation rate,
6. General Economic conditions, and;
7. Changes in the Government policies, Taxation policies, FDI Policies, industry specific situations, rulings & regulatory provisions.

#### **PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

Presently, the issued share capital of the Company comprises of two classes - equity share capital and preference share capital. In the event of the Company issuing any other types, kind or class(is) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(is) of shares.

#### **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

1. The Board of Directors of the Company may not declare or recommend any dividend based on the regulatory eligibility criteria for declaration/recommendation of a dividend.

2. The Board shall consider the aforementioned parameters and factors before determination of any dividend payout and after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment, may not declare dividend or may recommend a lower payout for a given financial year.
3. The Board of Directors of the Company may not declare or recommend any dividend based on the capital and reserves position of the Company, the advice of executive management, inadequacy of profits or incurrence of losses for the financial year and other parameters described in this policy. The Board of Directors may not declare or recommend dividends if it is of the view that there is a need to conserve capital for growth or any other purpose as it may deem necessary in the best interest of the Company.

### **UTILISATION OF RETAINED EARNINGS**

The retained earnings of the Company may be used in any of the following ways:

1. Working Capital,
2. Capital Expenditure,
3. Organic and/ or inorganic growth,
4. Investment in new business(is) and/or additional investment in existing business(is),
5. Declaration of dividend,
6. Capitalization of shares,
7. Buy back of shares,
8. General corporate purposes, including contingencies,

Any other permitted usage as per the Act, SEBI Listing Regulations and other applicable laws.

### **DISCLOSURES**

The Policy will be available on the Company's website and the web link of the Policy along with other requisite details, if any, will also be disclosed in the Company's annual report.

### **REVIEW AND AMENDMENT**

1. The Policy would be reviewed annually, or earlier, if material changes take place in the applicable regulations. Any requirement under applicable laws that needs to be covered under the Policy or any changes in the applicable laws or any requirement, to the extent applicable, shall be incorporated into this policy automatically.
2. In the event of any conflict between the provisions of this policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act

or SEBI Listing Regulations (to the extent applicable to the Company) or statutory enactments and rules shall prevail over this policy. Any subsequent amendment/modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

#### **CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the SEBI Listing Regulations, the provisions of SEBI Listing Regulations shall prevail.

#### **DISCLAIMER**

**The Policy does not constitute a commitment or guarantee regarding the future dividends of the Company, but only represents a general guidance regarding the Company's dividend policy. The statement of the Policy does not in any way restrict the right of the Board of Directors to use its discretion in the recommendation of the dividend to be distributed in the year and the Board of Directors reserves the right to depart from the Policy as and when the circumstances so warrant and in accordance with the applicable laws.**

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Madhusudhan Varma Jetty  
Managing Director