

ramco

RAMCO SYSTEMS LIMITED

**DIVIDEND DISTRIBUTION
POLICY**

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. PREAMBLE

The Securities Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated July 08, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [LODR] mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year.

2. OBJECTIVE

In compliance with Regulation 43A of the LODR, the Company is required to frame a Dividend Distribution Policy. The objective of this policy is to enumerate the details of the parameters based upon which the decisions on dividend distribution will be made and provide clarity to the stakeholders on the same.

3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 9th November, 2016.

4. DEFINITIONS

- a) 'Act' means the Companies Act, 2013 and Rules made thereunder, including any amendments or modifications thereof.
- b) 'Board of Directors' or 'Board' means the collective body of the Directors of the Company.
- c) 'Company' means RAMCO SYSTEMS LIMITED.
- d) 'Policy' means, 'Dividend Distribution Policy'.

5. PARAMETERS FOR DISTRIBUTION OF DIVIDEND

- 5.1 The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014.
- 5.2 The Board of Directors will refer to this policy for declaration of interim dividend and for recommendation of dividend to shareholders for their approval in the Annual General Meetings.
- 5.3 The Company has only one class of shareholders – equity shareholders. Therefore dividend declared will be distributed equally among all shareholders, based on their shareholding as on the record date.

5.4 The decision on the distribution of dividend will consider the following parameters.

i. Financial Parameters

- a. Profits earned during the period / year
- b. Accumulated Reserves
- c. Cash Flow Position
- d. Leverage Profile

ii. Internal Factors

- a. Capital Expenditure Plans
- b. Inorganic Growth Plans
- c. Past Dividend Trends
- d. Reinvestment Opportunities
- e. Contingent Liabilities, under exceptional circumstances
- f. Covenants contained in agreements with lending institutions / debenture trustees.

iii. External Factors

- a. Economic Environment
- b. Investor Expectations
- c. Legal and Regulatory Framework
- d. Taxation
- e. Future Outlook for the Company and the Industry
- f. Dividend declared by peers and other leading companies.

6. UTILISATION OF RETAINED EARNINGS

The Company may decide on retaining its earnings in order to effectively utilise the funds and to enhance the value of the shareholders in the long run. Such decision on utilization of the retained earnings of the Company shall be based on Market and Product expansion plans, Modernization plan, Increase in Capacity, Investment in Capital Expenditure Proposals, Inorganic Growth, General Corporate Purposes including Contingencies, Reorganisation of Capital Structure, Cost of Borrowings / Availability of Funds and other such criteria as the Board may deem fit from time to time.

7. TARGET DIVIDEND – PAYOUT RATIO

7.1 Taking the above parameters and criteria into account, the Company shall strive to distribute at least 10% of its Post-Tax Profits as dividend including interim dividends in each financial year. The distribution shall include dividends and tax on such dividends as per relevant regulations.

7.2 Special Dividends, if any may be declared in addition to the regular dividend payout.

8. DEVIATIONS

The Board may not recommend any dividend or may recommend a lower payout for a given financial year, if:

- a. The company has reported a net loss for the year
- b. Cash flow from operations is negative
- c. The credit protection or capital adequacy metrics of the company are weak
- d. The company is undergoing any form of debt restructuring
- e. The company has been prohibited to declare dividends by any regulatory authority
- f. The company has implemented, or intends to implement, a share buyback scheme or any other alternate profit distribution measure
- g. Any other extraordinary circumstance

9. DISCLOSURES

- 9.1 If the company does not declare any dividend or if the final payout for the year is lower than the target percentage referred in Clause 7.1, the Board will provide a rationale for the deviation from the policy in the annual report.
- 9.2 If the Company declares dividend on the basis of parameters not enumerated in this policy or changes the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in the annual report and on its website.
- 9.3 Information on dividends paid will be made available on the website of the Company in the following format:

Year	Dividend per Share (Rs.)	Dividend (%)	Payout Ratio (Standalone) (%)	Payout Ratio (Consolidated) (%)

10. POLICY REVIEW

The Managing Director of the Company is authorised to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary. Such amended policy shall be periodically placed before the Board for necessary ratification immediately after making such changes.

11. POLICY AVAILABILITY

The Policy will be available on the Company's website at www.ramco.com

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