DIVIDEND DISTRIBUTION POLICY

As Adopted by the Board of Directors on 10th August, 2021

The Dividend Distribution Policy ("the Policy") applies to the distribution of dividend by CMS Info Systems Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

DEFINITIONS

The terms referred to in the Policy will have the same meaning as defined under the Act and the rules made thereunder, and the SEBI Regulations.

OBJECTIVE AND PHILOSOPHY

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The objective of this Policy is to reward its shareholders by returning a portion of its profits after retaining sufficient funds for growth of the Company thus maximizing shareholders' value.

The Policy sets forth the broad principles for guiding the Board of Directors ("**Board**") and the management in matters concerning declaration and distribution of dividend, with a view to ensure fairness, transparency, sustainability, and consistency in the decision for distributing profits to shareholders.

The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits *inter alia* for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

The Policy shall broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

REGULATORY FRAMEWORK

The Securities and Exchange Board of India on July 8, 2016, inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top thousand (1000) listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

PARAMETERS FOR DECLARATION OF DIVIDEND

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period based on available financial resources, business requirements and taking into account optimal shareholder return, and other parameters described in this policy. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

Dividend pay-out would also be subject to profitability under Standalone Financial Statements and while determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors, including:

Financial Parameters and Internal Factors-
- Operating cash flow of the Company
- Profit after Tax during the year and Earnings Per Share (EPS)
- Working capital requirements
- Capital expenditure requirement
- Expansion of existing business and entry into new lines of business
- Likelihood of crystallization of contingent liabilities if any,
- Additional investment in subsidiaries and associates of the company including acquisitions
- Upgradation of technology and physical infrastructure
- Debt levels and cost of borrowings

External Factors:
- Industry Outlook and Economic environment
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend pay-out ratio of competitors

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

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors, including:
- Proposed expansion plans, renovations and up-gradations requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Debt obligations
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit

UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors including:

- Market expansion plans
- Declaration of dividend,
- Diversification of business
- Long term strategic plans for growth
- Replacement of capital assets
- Such other criteria as the Board may deem fit from time to time.

PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e., at www.cms.com.

POLICY REVIEW AND AMENDMENTS

The Board may review, amend, abrogate, modify, or revise any or all provisions of this Policy from time to time. However, amendments in the Act or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be deemed to be incorporated in this Policy and shall be binding.

This policy is approved and adopted by the Board of Directors of the Company in its meeting held on 10th August 2021.

For CMS Info Systems Limited

Praveen Soni
Company Secretary

Place: Mumbai

Date: 10-08-2021