

Dividend Distribution Policy

1. Introduction

The Dividend Distribution Policy (“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 policy shall come into force with immediate effect i.e. 29th April, 2021.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as enabled by the Memorandum & Articles of the Company and permitted by the Companies Act. The Board may also declare interim dividends as may be enabled by the Memorandum & Articles of the Company and permitted by the Companies Act.

The Company aspires to have a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Dividend Distribution to Members

The Company’s dividend payout will be determined based on available financial resources, investment requirements and considering optimal shareholder return subject to the provisions of the applicable law. Within these parameters, the Company would endeavor to maintain a total dividend pay-out ratio in the range of 25% to 35% of the annual standalone Profits after Tax (PAT) of the Company. However, the above dividend payout range may be suitably amended by the Board from time to time after considering internal and external factors.

While determining the nature and quantum of the dividend payout, the Board would consider with out limitation, the following factors:

- **Internal Factors:**

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets,
- ii. Cash flow position of the Company,
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth including brand acquisitions.,
- vi. Long term investments and
- vii. Exceptional Capital expenditure(s), and

- **External Factors:**

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes
- v. Industry outlook for the future years,
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board may also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

2. Utilization of Retained earnings

Growth: The Company will utilize its retained earnings for the growth of the Company. The Company can consider venturing into new markets/geographies/verticals.

Research and Development: The Company will utilize its retained earnings for Research and Development products in order to increase market share.

Capital Expenditure: The Company will utilize its retained earnings for Capital expenditure by way of Physical Infrastructure, Technology Infrastructure, etc.

Mergers and Acquisitions: The Company will utilize its retained earnings for mergers and acquisitions, as it may deem necessary from time to time.

Any other Business Requirement

3. Circumstances under which Dividend may not be paid out

Some probable circumstances under which shareholders may or may not expect a dividend are: adverse market conditions and business uncertainty, inadequacy of profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, changing government relations, etc.

Even under such circumstances, the Board may at its discretion and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

4. Policy Review

The Board of Directors may review this policy periodically, by taking in to account the national and global economic conditions, Company's growth, investment plans, financial position etc. and in accordance with any regulatory amendments.

5. Website

The policy will be available on the Company's website and the link to the policy is:

<http://www.cigniti.com/investors/policies>

The policy will also be disclosed in the Company's annual report.

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