

ROSMERTA DIGITAL SERVICES LIMITED

DIVIDEND DISRIBUTION POLICY

(As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

DIVIDEND DISTRIBUTION POLICY

I. BACKGROUND AND APPLICABILITY:

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in regard to distribution of dividend to its shareholders and/or retention of profits and also to provide clarity to the stakeholders on the dividend distribution strategies of the Company.

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy or may add new parameters.

II. DEFINITIONS:

- a) **“Listed Entity / The Company”** means **“ROSMERTA DIGITAL SERVICES LIMITED”**.
- b) **“Policy”** means this Dividend Distribution Policy.
- c) **“Board”** shall mean the Board of Directors of the Company.
- d) **“Act”** shall mean the Companies Act, 2013 and Rules thereunder (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- e) **“Dividend”** shall have the meaning as defined under the Act and includes any interim Dividend.
- f) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or amendment or re-enactment thereof for the time being in force).
- g) **“Stock Exchange”** shall mean a recognized Stock Exchange as defined under Securities and Exchange Board of India Act, 1992 (including any statutory modification or amendment or re-enactment thereof for the time being in force).

III. PREAMBLE:

Dividend is the payment made by a Company to its shareholders, in the form of distribution of its profits. The profits earned by the Company can either be retained in business or utilized for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The Policy establishes the principles to ascertain amounts that can be distributed to 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. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

IV. CATEGORY OF DIVIDENDS

The Companies Act, 2013 provides for two forms of Dividend - Interim & Final. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

Final Dividend

The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting, which shall be paid once for the financial year after the annual accounts is prepared. The declaration and payment of such Final dividend shall be subject to the

approval of shareholders of the Company at the Annual General Meeting, in line with applicable provisions of the Act.

Interim Dividend

The Board of Directors of the Company, in accordance with Articles of Association of the Company, can declare an interim dividend during the any current financial year, as and when considered appropriate, in line with this policy.

V. DECLARATION OF DIVIDEND

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

i. Current financial year's profit:

- a. after providing for depreciation in accordance with law; and
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

ii. The profits for any previous financial year(s):

- a. after providing for depreciation in accordance with law; and
- b. remaining undistributed; or

iii. Out of i) & ii) both.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

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

The shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws. Subject to discretion of the Board,

Some conceivable circumstances under which the shareholders of the Company may not expect dividend are:

- (a) In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- (b) In the event of higher working capital requirement for business operations or otherwise.
- (c) In the event of inadequacy of cash flow available for distribution.
- (d) In the event of inadequacy or absence of profits.
- (e) whenever the Company undertakes or proposes to make any Decision with regard to any acquisition(s), amalgamation(s), merger, joint venture(s), new product(s) launch which require significant capital outflow
- (f) whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies
- (g) whenever declaration of dividend is prohibited by any regulatory body
- (h) Any Adverse market conditions and business uncertainty
- (i) Any change in the government regulations
- (j) Any other extra ordinary circumstances

VII. THE FINANCIAL/INTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

The financial/internal factors which shall be considered by the Board of Directors while recommending/ declaring dividend to the shareholders:

1. Profits of the Company.
2. Past Dividend pattern/trends.
3. Operating Cash flow of the Company.
4. Present and future Capital requirements of the existing business
5. Costs of borrowing of the Company, keeping in view the growth opportunities.
6. Debt obligations of the Company.
7. Funds required to service any outstanding loans.
8. Liquidity and Return Ratios.
9. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
10. Investments in new line(s) of business;
11. Additional investment in subsidiaries, joint ventures and associates of the Company.
12. Corporate actions including mergers/demergers, acquisitions, expansion/modernization of existing businesses/brands
13. Upgradation of/ Investment in technology and physical infrastructure and Expenditure on Research & Development of existing and new product.
14. Restrictions/covenants if any, contained in any lender agreement or any other arrangements.
15. Any other relevant factors as deemed fit by the Board of Directors

VIII. THE EXTERNAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

The external factors which shall be considered by the Board of Directors while recommending/ declaring dividend to the shareholders:

1. Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
2. Any political, tax and regulatory changes in the geographies in which the Company operates;
3. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
4. Any changes in the competitive environment requiring significant investment;
5. Technological changes necessitating significant investments in the businesses;
6. Changes in the Government policies, industry specific rulings and regulatory provisions significantly affecting the business;
7. Global conditions;
8. Shareholders expectations including individual shareholders;
9. Any other relevant factors as deemed fit by the Board of Directors.

IX. MANNER OF UTILISATION OF RETAINED EARNINGS

The Company shall endeavor to utilize retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company and may be used in any of the following ways, not limited to:

- i) Capital expenditure for working capital,
- ii) Organic and/or inorganic growth,
- iii) Investment in new business(es) and/or additional investment in existing business(es),

- iv) Declaration of dividend,
- v) Capitalization of shares,
- vi) Buy back of shares,
- vii) General corporate purposes, including contingencies,
- viii) Correcting the capital structure,
- ix) Merger and acquisitions
- x) Research and Development of new products in order to increase market share
- xi) Any other permitted usage as per the Companies Act, 2013.

X. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Dividend would continue to be declared on the face value of the Equity Shares and on per share basis of the Company. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class/(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class/(es) of shares.

XI. REVIEW AND AMENDMENT

This Policy will be reviewed periodically by the Board, from time to time and the Board can amend this Policy, as and when deemed fit.

XII. DISCLOSURE OF THE POLICY

The Policy shall be disclosed on the website of the Company and the web-link of the same shall be provided in their annual reports.

XIII. EFFECTIVE DATE

This policy shall be effective from [21-Jun-2024]