



**AXIS SOLUTIONS LIMITED**  
**(Formerly known as Asya Infosoft Limited)**

**Dividend Distribution Policy**



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## **1. SCOPE AND OBJECTIVE**

The Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company's growth & sustainability. Though this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to decision of the Board for recommending dividend, which is made after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

## **2. STATUTORY REQUIREMENTS**

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being ("Act") in particular Section 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and the Articles of Association of the Company as amended.

## **3. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING/ DECLARING DIVIDEND**

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

### Financial/Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability
- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic
- Capital restructuring, debt reduction, capitalization of shares
- Crystallization of contingent liabilities of the Company
- Profit earned under the Consolidated Financial Statement
- Cash Flows
- Current and projected Cash Balance and Company's working capital requirements.



- Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.

#### External Factors:

- Economic environment, both domestic and global
- Unfavorable market conditions
- Changes in Government policies and regulatory provisions
- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders' expectations
- Cost of external financing

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

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may not expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the applicable laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameter mentioned in point 3 above.

#### **5. POLICY AS TO HOW THE RETAINED EARNINGS WILL BE UTILIZED**

The Board may retain its earning 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:

- Long term strategic plans
- Augmentation/ Increase in production capacity
- Market expansion plan



- Product expansion plan
- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the Company
- Payment of Dividend or issue of Bonus Shares
- Other such criteria as the Board may deem fit from time to time.

## **6. PARAMETERS FOR DIVIDEND WITH REGARD TO VARIOUS CLASSES OF SHARES**

- Preference shareholders shall receive Dividend at the fixed rate as per the terms of allotment and shall stand in priority to the equity shareholders for payment of Dividend.
- Equity Shareholders shall be entitled for the Dividend, Interim or Final, if recommended by the Board of Directors and confirmed or approved by the shareholders of the Company, as the case may be. Equity Dividend shall stand second in priority after payment of Dividend to the Preference Shareholders, if any.

## **7. POLICY AMENDMENT/ DEVIATION**

To the extent any change/amendment is required in policy in terms of any applicable laws or otherwise, the Board of Directors of the Company shall be authorized to review and amend the Policy, to give effect to any such changes/amendments. Such amended policy shall be placed before the Board for noting and necessary ratification at its subsequent meeting.

Declaration of Dividend on the basis of parameters in addition to the elements of this policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

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