

Dividend Distribution Policy

Introduction:

The Board of Directors (the “Board”) of R Systems International Limited (the “Company” or “RSIL”) has adopted the Dividend Distribution Policy to regulate the process of dividend declaration and its pay-out in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend after considering various factors mentioned hereunder. Through this policy, the Company would strive to maintain a consistent approach to dividend pay-out plans and to maintain balance between quantum of dividend declared and retaining sufficient funds/ Profits in the business.

This policy on Dividend Distribution has been formulated and approved by the Board of Directors at its meeting held on May 07, 2021.

Definitions:

In this policy unless the context otherwise requires:

- a) “Act” means the Companies Act, 2013 & Rules made thereunder, as amended from time to time.
- b) “Board” means Board of Directors of R Systems International Limited.
- c) “Company” means R Systems International Limited.
- d) “Dividend” means Dividend as defined under the Companies Act, 2013.
- e) “Policy” means “Dividend Distribution Policy”.
- f) “SEBI Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

Parameters For Declaration Of Dividend:

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

Before declaring the dividend including special dividend in case of special circumstances to shareholders, the Board shall consider the following parameters

A. Financial parameters to be considered while declaring dividend:

The Company shall comply with the relevant statutory requirements that are applicable to the Company for declaring dividend. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, profitability, Operating cash flow, present

and future capital requirements, Favorable Debt Equity ratio, Debt interest coverage ratio, future growth and profitability outlook, etc.

B. Internal Factors to be considered while declaring dividend:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Net operating profit after tax; Growth rate of past earnings and Growth rate of predicted profits.
- Expected cash requirements towards working capital, capital expenditure in technology;
- Investment required towards execution of business expansion;
- Funds required for any acquisitions;
- Any share buy-back plan;
- Cash flow required for contingencies or unforeseen events;
- Investment in research and development;
- Mergers and Acquisitions (M&A);
- Investment in research and development;
- Any other factor and/or material events as considered fit by the Board.

C. External Factors to be considered while declaring dividend:

The Board would consider the following external factors before declaring or recommending dividend to shareholders:

- In case of uncertain or depressing economic and industry conditions, Board will evaluate its impact on the Financial Position of the Company to ascertain to reserve some part of profits to build up reserves to absorb future shocks.
- Significant change in business or technology environment resulting in the Company making significant investment.
- When the markets are favorable, dividend payout can be liberal. However, in case of critical market conditions, Board may resort to a conservative dividend payout in order to preserve cash outflows.
- Changes in Government policies, regulatory provisions and tax rates
- Any changes in the competitive environment requiring significant investment.

D. Retained Earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy and in compliance with Section 123 of the Act.

However, the Company shall strive to conserve sufficient resources for its future growth plans, long term strategic plan. Retained earnings.

E. Any other relevant factors that the Board may deem fit to consider before declaring Dividend

Policy Review and Amendment:

This policy shall be reviewed from time to time so that the policy remains compliant with applicable legal requirements. Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit.

Amendments:

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions given in this Policy and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.