



DIVIDEND DISTRIBUTION POLICY

(Amended/Updated as on 29th June, 2021)

VINDHYA TELELINKS LIMITED

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VINDHYA TELELINKS LIMITED

PREAMBLE, OBJECTIVE AND SCOPE

The Board of Directors of the Company at its meeting held on 29th June, 2021 has formulated and adopted this Dividend Distribution Policy as required under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time. The Dividend Distribution Policy is disclosed on the website of the Company and can be accessed through weblink <https://vtlrewa.com/pdf/Dividend-Distribution-Policy.pdf>.

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring and recommending dividend which shall, inter alia, include:

- (i) the financial parameters and parameters including other internal/external factors that shall be considered while declaring dividend;
- (ii) the circumstances under which the shareholders of the Company may or may not expect dividend;
- (iii) the manner of utilization of retained earnings; and
- (iv) parameters that shall be adopted with respect to various class of shares, if any.

PARAMETERS/ FACTORS AFFECTING DIVIDEND DECLARATION

(i) FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDED

The Board of Directors of the Company may, inter alia, consider the following financial parameters while declaring or recommending dividend to shareholders:

- (a) Profits earned during the year and retained earnings;
- (b) Operating cash flow of the Company;
- (c) Working capital requirements and expected future capital/liquidity requirements;
- (d) Business expansion and growth (both organic & inorganic);
- (e) Past dividend pay-out ratio / trends; and
- (f) Any other relevant factors and material events as the Board may deem fit from time to time.

(ii) PARAMETERS (INCLUDING INTERNAL AND EXTERNAL FACTORS) THAT SHALL BE CONSIDERED WHILE DECLARING THE DIVIDEND

The Board of Directors of the Company may, inter alia, consider the following Parameters for recommendation or declaration of Dividend:

External Factors:

- **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- **Statutory and Regulatory Changes:** Introduction of new Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, the Companies Act, 2013 and governing SEBI regulations, etc. which significantly affects businesses in which the Company is engaged;

- **Agreements with Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreement that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt;
- **Taxation Policy:** The tax policy of the country may also influence the dividend policy of the Company. The rate of tax directly influences the amount of profits available to the Company for declaring dividends; and
- Any other factor as may be deemed fit by the Board.

Internal Factors:

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Financial performance including profits earned (standalone), available distributable reserves etc.;
- Impact of dividend payout on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect e.g. Interest coverage, DSCR (Debt Service Coverage Ratio) Debt: EBITDA and Debt: Equity, including maintaining a targeted rating – domestically and internationally;
- Alternate usage of cash viz. acquisition/Investment opportunities or capital expenditures and resources to fund such opportunities/expenditures, in order to generate significantly higher returns for shareholders;
- Leverage profile, liabilities and liquidity position of the Company;
- Fund requirement for contingencies and unforeseen events with financial implications;
- Past Dividend trend including Interim dividend paid, if any; and
- Any other factor as deemed fit by the Board.

(iii) **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The circumstances under which shareholders may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

- The Company has incurred losses or in the stage of inadequacy of profits;
- Due to operation of any law in force or court order restraining declaration and payment of Dividend; and
- If the Board of Directors is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansions, meeting enhanced working capital requirement or other relevant factors or incidental to smooth operations of business and affairs of the Company apart from other parameters set out in this Policy.

Further, the Board may also take into consideration such other circumstances as it may in its absolute discretion think fit.

(iv) **UTILIZATION OF RETAINED EARNING**

The Board of Directors shall endeavour to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize retained earnings for making investments for future growth and expansion plans, meeting margin requirements for meeting enhanced working capital requirements or for any other specific purposes as approved by the Board of Directors of the Company. The retained earnings of the Company may also be used for declaration and payment of Dividend in special or exceptional circumstances, if any, to the extent permissible under the applicable provisions of the Companies Act, 2013 read with the Rules framed thereunder, the provisions of Listing Regulations, other applicable legislations governing dividends and the Memorandum and Articles of Association of the Company, as in force and as amended from time to time.

(v) **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE**

Presently, the issued share capital of the Company comprises of only one class of Shares i.e. Equity Shares. 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.

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the governing provisions of the listing Regulations shall prevail.

DISCLOSURE

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

DISCLAIMER

This document neither solicit investments in the Company's securities, nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

REVIEW & AMENDMENT

The Policy may be reviewed as and when required so as to ensure that it meets the objectives of the relevant legislation and/or to make it fully compliant with the applicable provisions of the Listing Regulations as in force from time to time. The Board of Directors of the Company has an absolute right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.