

BENCHMARK COMPUTER SOLUTIONS LIMITED

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DIVIDEND DISTRIBUTION POLICY

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Preamble

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used 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 objective of this policy is to ensure a regular dividend income for the shareholders and long-term capital appreciation for all shareholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors (Board) will refer to the policy while declaring/recommending dividends. Through this policy, the Company would endeavour fairness, consistency and sustainability while distributing profits to the shareholders.

This policy also stipulates the process for recommendation! declaration of dividend and its pay-out by the Company in accordance with the provisions of the Companies Act, 2013 (the Companies Act) and other rules, regulations etc. as applicable to the Company.

Class of Shares

The Company has issued only Equity Shares and no Preference shares issued by the Company are outstanding.

Category of Dividends

The Companies Act provides for two forms of Dividend- Final and Interim. The Board shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. Normally, the Board will endeavour to declare an interim dividend after finalization of quarterly financial accounts. The Board may declare interim dividend based on profits of the Company, one or more times in a financial year as and when considered appropriate, in line with this policy.

After the annual accounts are prepared, the Board may recommend final dividend to the shareholders for their approval in the General Meeting of the Company. In the event the Board declares more than one interim dividend in a financial year, the Board may recommend to the shareholder to treat the last interim dividend as a final Dividend.

Recommendation/Declaration of Dividend

Subject to the provisions of the Companies Act, the Board shall recommend/declare/ pay the Dividend only out of

i) Current financial year's profit:

- a) after providing for depreciation in accordance with law;
- b) after transferring to reserves such amount as may be prescribed under the Companies Act or applicable law, regulations, norms 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;

b) remaining undistributed; or

iii) out of i) & ii) both.

iv) out of free reserves in the manner permissible under the Companies Act.

Financial parameters Considered While Declaring Dividend

The financial parameters that may be considered before declaring dividend are on available financial resources, investment requirements and taking into account optimal shareholder return

Factors to be considered while declaring Dividend

The decision regarding dividend 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. The Board will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding dividend is subject to several factors and hence any optimal policy in this regard may be far from obvious. The Board considers a stable dividend to constitute an important element of the Company's investment attractiveness and shareholder return. The Company continually seeks ways to create shareholder value through both commercial and financial strategies, which may include both organic and inorganic development as well as the Company's capital management practices.

The shareholders of the Company may not expect dividend for a financial year(s) in the circumstances of challenging/sluggish market conditions, tough liquidity position, losses or inadequate profits.

The decision regarding recommendation / declaration of dividend will depend upon various Internal and External factors including the following:

Internal factors:

Apart from the various external factors aforementioned, the Board will take into account various internal factors while recommending / declaring Dividend, which inter alia will include

- i. Profits earned during the year;
 - ii. Present and future capital requirements of the existing businesses; / capital expenditures and the Company's debt position;
 - iii. Business Acquisitions opportunities;
 - iv. Accumulated reserves;
 - v. Earning stability;
 - vi. Expansion! Modernization of existing businesses; / growth opportunities available to the Company;
 - vii. Additional investments in subsidiaries/ associates of the Company;
 - viii. Fresh investments into external businesses;
 - ix. cash flow from operations;
 - x. Cost of raising funds;
 - xi. Providing for unforeseen events and contingencies with financial implication;
- Any other factor as deemed fit by the Board.

External Factors:-

- i. Business cycles,
- ii. Economic environment,

- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Industry outlook for the future years,
- vi. Inflation rate, and
- and contingencies with
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Process for approval of payment of Interim and Final Dividend

- i. The Company will give prior intimation of 2 working days to Stock Exchanges (excluding the date of intimation and the date of the Board meeting) of date of Board Meeting in which the declaration / recommendation of dividend will be considered.
 - ii. The Company will inform about the decision taken by Board regarding dividend to Stock Exchange within 30 minutes of the closure of the Board Meeting.
 - iii. The Company will fix Record date for the purpose of determination for list of shareholders eligible to receive dividend.
 - iv. The Company shall recommend or declare dividend at least 5 working days (excluding the date of intimation and the record date) before the record date is fixed for the purpose.
 - v. The intimation for fixing Record date shall be given to exchange at least seven working days in advance (excluding the date of intimation and the record date).
- In the event of any amendment in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law with respect to the process of recommendation/approval/payment of dividend, the same shall prevail and shall be deemed to form part of this policy.

Transfer of Unpaid & Unclaimed Dividend and Equity Shares to Investor Educational and Protection Fund (IEPF)

As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to IEPF.

Utilization of Retained Earnings

The Retained earnings strengthen the Company's net owned funds. The Board from time to time will decide utilization of the retained earnings depending upon various factors including organic / inorganic growth strategies of the Company, market competition, creating long term shareholder value etc. The Board will ensure judicious balancing of these factors in the interest of the Company and its stakeholders.

Parameters that shall be adopted with regard to various classes of shares

Currently, the Company does not have different classes of shares and follows the 'one share, one vote' principle. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

Review

This policy is in accordance with SEBI Circular No. SEBI/ LAD-NRO/GN/2016-17/008 dated 08th July, 2016. The same will be reviewed by the Board periodically for additions, deletions, changes or alterations in the parameters, process of recommendation/ declaration/ pay-out of dividend considered in the policy and in line with changes in regulations as applicable to the Company.