

**INFO EDGE (INDIA) LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**

**1. INTRODUCTION**

The Company has in place a Dividend Policy since long. After incorporation of Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”) the existing Dividend Policy has been revised and framed according to Listing Regulations and the Companies Act, 2013 (hereinafter referred to as the “Act”).

**2. BACKGROUND AND APPLICABILITY**

The Securities and Exchange Board of India (“SEBI”) has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by top five hundred listed companies based on their market capitalization calculated as on 31<sup>st</sup> day of March every year.

The Company being one of the top five hundred listed companies as per the criteria mentioned above, has approved and adopted its revised Dividend Policy in line with the requirements of Listing regulations and the Act.

**3. PURPOSE**

This Policy will regulate the process of dividend declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company in accordance with the provisions of the Act, read with the applicable Rules framed thereunder, as may be in force for the time being and Listing Regulations.

The Policy is not an alternative to the decision of the Board for recommending/ declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

**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 stakeholders 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 will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans.

The Company believes that it operates in the high potential and fast-growing internet segment. This offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will over-ride considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

#### **4. CATEGORY OF DIVIDENDS**

The Act provides for two forms of Dividend- Final & Interim.

##### **4.1 FINAL DIVIDEND**

The Final dividend is paid once for the financial year at the time of approval of annual financial statements are approved. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting.

##### **Process for approval of payment of Final Dividend**

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Shareholders to approve the same in the Annual General Meeting;
- Once in a financial year;

##### **4.2 INTERIM DIVIDEND**

This is the form of dividend declared by the Board between two Annual General Meetings as and when considered appropriate, in line with this Policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

##### **4.3 (i) PROCESS FOR APPROVAL OF PAYMENT OF INTERIM DIVIDEND**

- Board may declare Interim Dividend at its complete discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- One or more times in a financial year.

#### **5. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Board of Directors shall consider the factors provided in this policy before Determination of any dividend payout.

The shareholder of the Company may not expect Dividend under the following circumstances:

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Whenever the Company undertakes or proposes to undertake a significant expansion Project or any acquisition/investment or Joint venture, requiring significant allocation of funds;
- Requirement of higher working capital for the purpose of business of the Company;
- Utilization of surplus cash generated during the financial year in entirety for alternative forms of distribution such as buy-back of securities.

## **6. 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;
  - 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;
  - b) remaining undistributed; or
- iii) out of i) & ii) both.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non cash charges pertaining to amortisation or ESoP or resulting from change in accounting policies or accounting standards.

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

## **7. PARAMETERS/FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND**

The decision regarding dividend pay-out 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 of Directors will endeavor to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of any company depends upon below mentioned factors-

### **7.1 EXTERNAL FACTORS:-**

**State of Economy-** in case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

**Capital Markets-** when the markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

**Statutory Restrictions-** The Board will keep in mind the restrictions imposed by Companies Act and other statutory authorities with regard to declaration of dividend.

## **7.2 INTERNAL FACTORS:-**

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

- i) Profits earned during the year;
- ii) Present & future Capital requirements of the existing businesses;
- iii) Brand/ Business Acquisitions;
- iv) Expansion/ Modernization of existing businesses;
- v) Additional investments in subsidiaries/associates of the Company;
- vi) Fresh investments into external businesses;
- vii) Any other factor as deemed fit by the Board.

## **7.3 FINANCIAL PARAMETERS**

- i) Current year profits
- ii) Operating Cash Flow
- iii) Past Dividend Trends
- iv) Cost of borrowings

Outstanding Borrowings, including debt to equity ratio

## **7.4 PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:**

Presently, the Authorized Share Capital of the Company comprises of Equity shares only. In the absence of any other class of shares, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.

## **8. DIVIDEND RANGE**

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier

part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board will endeavor to maintain a Dividend pay-out in the range of 25%-40% of profits after tax (PAT) on standalone financials. As mentioned above, for computing the PAT for purposes of determining the Dividend, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non cash charges pertaining to amortisation or ESoP or resulting from change in accounting policies or accounting standards. Further, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision including declaring a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

#### **9. UTILIZATION OF RETAINED EARNINGS:**

The Company shall endeavor to utilize the retained earnings in manner which shall be beneficial to the interests of t the Company and also its shareholders,

The Company may utilize the retained earnings for making investments for future growth and expansion including making strategic investments that would help the Company to consolidate its presence of business, 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.

#### **10. DISCLOSURES**

The Policy shall be disclosed in the Company's Annual Report and website of the Company.

If the Company proposes to declare dividend on the basis of the parameters in addition to the parameters mentioned in this policy it shall disclose the such changes along with the rationale for the same in its Annual Report & on its website.

#### **11. REVIEW OF THE POLICY**

The Board or any committee thereof, as may be authorized by the Board, may, from time to time, amend, modify, repeal or revise any or all provisions of this policy. This policy is also subject to modification, if any, in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authorities.

In the event of a conflict between this policy and the external regulations, the regulations shall prevail upon the provisions hereunder and this policy shall stand amended accordingly.