

## ***FROG CELLSAT LIMITED***

### ***DIVIDEND DISTRIBUTION POLICY***

*Approved by Board of Directors at its Meeting held on  
29<sup>th</sup> January 2023.*

## DIVIDEND DISTRIBUTION POLICY

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### 1. PREAMBLE

The Board of Directors (the “Board”) of FROG CELLSAT LIMITED (the “Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy (“Policy”) and procedures with respect to dividends declared/ recommended by the Company, pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “Listing Regulations”), it is mandatory to have a Dividend Distribution Policy in place by the top one thousand (1000) listed companies based on the market capitalization calculated as on March 31, every year.

The Board of the Company has adopted and formulated the Policy, in compliance with the Listing Regulations, and has uploaded the same on the Company’s website at <https://www.frogcellsat.com/>

### 2. PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or 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.

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 or 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.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board shall refer to the Policy while declaring/ recommending dividends on behalf of the Company.

### 3. DEFINITIONS

The terms referred to in this Policy will have the same meaning as defined under the Companies Act, 2013 (the “Act”) and the rules made thereunder and the Listing Regulations.

### 4. EFFECTIVE DATE

The Board of the Company has adopted this Policy at its meeting held on 29<sup>th</sup> January, 2023 and the Policy is effective from the same day it was adopted by the Board.

## 5. TYPE OF DIVIDEND

The Act provides for two types of Dividends – Final and Interim.

### i. Interim Dividend:

The Board of the Company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting. Interim dividend will be declared out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, provided that in case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

The Board shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend at the annual general meeting.

### ii. Final Dividend:

Final dividend is recommended for the financial year at the time of approval of the annual financial statements. Final dividend will be declared out of the profits of the Company for that year arrived at after providing for depreciation, or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation and remaining undistributed, or out of both.

In case of inadequacy or absence of profits in any financial year, the Board may consider declaring final dividend out of accumulated profits earned by it in previous years and transferred by the Company to the reserves, subject to applicable rules. No dividend shall be declared or paid by the Company from any reserves apart from free reserves.

The Board of Directors shall have the power to recommend the final dividend to the shareholders for their approval in the annual general meeting of the Company. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company:

Pursuant to the provisions of applicable laws and this Policy, interim dividend approved by the Board of Directors will be confirmed by the shareholders and

final dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing annual general meeting of the Company.

The Company shall ensure compliance of applicable provisions of the Act and rules made thereunder, Listing Regulations as amended from time to time and this Policy in relation to dividend declared by the Company.

## 6. PARAMETERS TO BE CONSIDERED

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

- a. **Statutory Requirements:** The Board while declaring or recommending dividend shall ensure compliance with respect to the applicable provisions of the Act and rules made thereunder and also the Listing Regulations, as amended from time to time.
- b. **Financial Factors:** Subject to the provisions of the Act, dividend shall be declared or paid only out of:
  - i. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
  - ii. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed;
  - iii. Out of A and B both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion. In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the provisions of the Act and the Listing Regulations, as applicable.

- c. **Internal Factors:** The Board shall consider following internal factors:
  - i. Company's liquidity position including its present and expected obligations.
  - ii. Profits of the Company.
  - iii. Present and future capital expenditure plans of the Company including organic / inorganic growth opportunities.
  - iv. Financial commitments with respect to the outstanding borrowings and interest thereon.
  - v. Financial requirement for business expansion and/or diversification, acquisition, etc. of new businesses.
  - vi. Past dividend trend of the Company and the Industry.
  - vii. Cost of borrowings.
  - viii. Other corporate action options (For instance: bonus issue, buy back of shares).

ix. Any other relevant or material factor as may be deemed fit by the Board.

d. **External Factors:** The Board shall consider following external factors:

- i. State of economy and capital markets.
- ii. Applicable taxes.
- iii. Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements having significant impact on the Company's operations or finances.
- iv. Any other relevant or material factor as may be deemed fit by the Board.

## 7. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

At present, the issued, subscribed, and paid-up capital of the Company has only one class of shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

## 8. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND / OR WHEN THE DIVIDEND COULD NOT BE DECLARED BY THE COMPANY SHALL BE FOR THE REASONS STATED HEREIN, BUT ARE NOT LIMITED TO, THE FOLLOWING REASONS ONLY:

The Company may be restrained to declare dividends in following circumstances:

- a. **Losses/Inadequate profits:** If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year.
- b. **Dividend not to be declared out of reserves:** As a rule, dividend for any particular financial year shall be recommended or paid out of the Profit of that financial year and the Board shall not declare or recommend any dividend out of the reserves, except out of free reserves which are available for distribution as dividend and after complying with the provisions of the Act and other applicable laws. Any decision in this regard shall be disclosed in the Annual Report and website of the Company while declaring/ recommending dividend.
- c. Due to operation of any other law in force;
- d. Due to any restrictions and covenants contained in any agreement as may be entered with the lenders;
- e. The availability of opportunities for reinvestments of surplus funds;
- f. Any other corporate action resulting in cash outflow.

## 9. ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS

- a. **Entitlement:** The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per the applicable laws. Dividend shall be paid on per share basis.
- b. **Timelines:** The payment of dividend shall be made within the time prescribed under the Act or the rules made thereunder and the Listing Regulations. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of interim dividend and within 30 days from the date of declaration by the shareholders in the annual general meeting in case of Final Dividend

## 10. MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings shall be deployed in line with the objects of the Company. The Company shall endeavor to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

## 11. CONFLICT IN POLICY

In the event of any enactment, notification, amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

## 12. AMENDMENT

This Policy may be reviewed and amended as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the Policy as may be expedient taking into account the law for the time being in force.

## 13. DISCLAIMER

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares.