

DIVIDEND DISTRIBUTION POLICY

Route Mobile Limited

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1. INTRODUCTION & BACKGROUND

Securities and Exchange Board of India (“SEBI”), vide its Notification dated July 8, 2016 has promulgated SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 by inserting Regulation 43A. Regulation 43A has mandated top five hundred listed entities based on market capitalization to frame and adopt a Dividend Distribution Policy (“Policy”), which shall be disclosed in their respective Annual Reports and websites. Even though the Regulation is not applicable to the Company, however in view of Company’s filing of draft red herring prospectus with SEBI and in view of its commitment to adherence to highest standards of governance principles, the Company considers it appropriate to adopt a Policy as the same would help establishing the principles to ascertain amounts that can be distributed to

shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The philosophy of the Company is to maximize the shareholders’ wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

2. PARAMETERS FOR DECLARATION OF DIVIDEND

The regulation further prescribed that, the Policy shall include the following parameters: a. the circumstances under which the shareholders of the listed entities may or may not expect dividend; b. the financial parameters that shall be considered while declaring dividend; c. internal and external factors that shall be considered for declaration of dividend; d. policy as to how the retained earnings shall be utilized; and e. parameters that shall be adopted with regard to various classes of shares: Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Company has been consistently paying dividends to its shareholders and it can be reasonably expected to continue declaring dividends in future. The Board has the discretion to recommend a higher or lower dividend keeping in mind the business considerations and other corporate actions which result in high utilization of cash. The shareholders may expect dividend for any financial year if there is surplus after taking into account the adjustments for previous years’ losses if any, depreciation and all other statutory adjustments as mandated by various legal statutes. The Board may not

recommend dividend in the event of insufficient profits after adjustments as required by statutory provisions and / or if it determines, considering the 1 circumstances, that funds of the company need to be conserved for business needs or Significantly higher working capital requirements adversely impacting free cash flow; or Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital; or Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.

4. FINANCIAL PARAMETERS / INTERNAL FACTORS

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

- a) Consolidated net operating profit after tax;
- b) Committed and projected cash flow needs owing to forecasted capital expenditure, anticipated investments in M&A and working capital requirements for current and projected periods;
- c) Capital expenditure requirements;
- d) Resources required to fund acquisitions and / or new businesses
- e) Cash flow required to meet contingencies; Reported and Projected statements of Free Cash Flow generation;
- f) Outstanding borrowings;
- g) Past Dividend Trends;
- h) Current and Projected Debt-raising capacity;
- i) The macro economic factors and the general business environment

5. EXTERNAL FACTORS

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders: 5.1. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws; 5.2. Dividend pay-out ratios of companies in the same industry; 5.3. Policy decisions of the government that may affect

6. UTILIZATION OF 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.

7. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Presently, the Authorised Share Capital of the Company is divided into equity share of Rs. 10 each. At present, the issued and paid-up share capital of the Company comprises only equity shares. The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares, in future, if any and thereafter, the dividend would be declared on equity shares. The Company shall endeavour to maintain a minimum dividend pay-out ratio of 50% of the annual consolidated Profits after Tax (PAT) of the Company, subject to consideration of the parameters stated in this Policy.

8. GENERAL

The Chief Financial Officer in consultation with the MD & CEO of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company. The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal. 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 provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter. Any amendment to this Policy shall require Board's approval.

9. NON APPLICABILITY OF POLICY

The Policy shall not apply to:

- Determination and declaration of dividend on preference share, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;
- Issue of bonus shares by the Company; and
- Buyback of securities

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

10. DISCLOSURES

The Policy shall be disclosed in the Annual Report and on the website of the Company i.e. www.routemobile.com

11. DISCLAIMER

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.
