Updater Services Limited

Redefining Business Services

POLICY FOR DIVIDEND DISTRIBUTION OF UPDATER SERVICES LIMITED

This policy applies to the distribution of dividend by Updater Services Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended, such other applicable provisions of law and the Articles of Association of the Company as amended.

1. Definitions

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

2. Background

SEBI has, through its notification dated July 8, 2016, released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, incorporating Regulation 43A – Dividend Distribution Policy requiring the top 1000 listed entities based on market capitalization to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

3. Objective

This policy sets out the parameters and circumstances that will be considered by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may if circumstances warrant, deviate from the parameters listed in this policy.

4. The financial/internal parameters that shall be considered while declaring dividend

The Board may, subject to applicable laws, declare interim dividend and/or recommend final dividend for approval of the shareholders.

The Company's approach to dividend distribution shall seek to balance shareholder returns with the financial and strategic requirements of the business. While determining the dividend for any financial year, the Board shall consider factors such as profitability, cash flows, working capital requirements, capital expenditure plans, growth opportunities, debt obligations and overall financial position of the Company.

Subject to these considerations and prevailing business conditions, the Company shall endeavour to maintain a dividend payout in the range of 5% to 15% of the standalone profit after tax of the relevant financial year, subject to applicable laws and after considering any exceptional or strategic business requirements. The Board may at its discretion and subject to applicable laws, recommend or declare a dividend in excess of 15% of the Standalone Profit After Tax, having regard to the financial performance, cash flows and other parameters set out in this Policy. The Board of Directors of the Company shall consider amongst others, the following financial parameters while declaring dividend or recommending dividend to shareholders:

- Standalone net operating profit after tax;
- Operating and Free cash flow of the Company for the year.
- Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position and relevant ratios etc.
- Trend of dividends paid in the past years.
- The Board may consider maintaining consistency and stability in dividend payouts over time.
- Dividend receipt from subsidiaries;
- Funds required to service any outstanding loans;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other significant developments that require cash investments;
- Capital allocation plans including:
    - Expected cash requirements of the Company towards working capital, capital expenditure requirements incl. technology and Infrastructure etc.;
    - Investments required towards execution of the Company's strategy;
    - Funds required for any acquisitions, mergers and / or new businesses that the Board of Directors may approve;
    - Any share buy-back plans, including creeping acquisitions in the open market as permitted under the governing laws.
    - Cash required for meeting tax demands, contingencies or unforeseen events;

4.1 External factors that shall be considered for declaration of dividend

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes laid down under the applicable laws including changes made in accounting laws in the geographies in which the Company operates;
- Dividend pay-out ratios of companies in the same industry.
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.
- Any other factor that has a significant influence / impact on the Company's working / financial position of the Company

5. The circumstances under which the shareholders may or may not expect dividend

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- The Company has inadequate profits or incurs losses for the financial year;
- The Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- The Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital.
- The Company has significantly higher working capital requirement affecting free cash flow.
- The Company proposes to utilize surplus cash for buy-back of securities or setting off of previous year losses or losses of its subsidiary'(s); and
- The Company is prohibited to recommend/declare dividend by any regulatory body.

6. Policy as to how the retained earnings shall be utilized

The Company may declare dividend out of the profits of the Company for the year or out of the profits of 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.

Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment/prepayment of borrowings, funding capital expenditure and acquisition of tangible and intangible assets, strategic investments / acquisitions, Investment in Business Development initiatives, Investments in creating, acquiring and enhancing intellectual property, including the UDS and other Group brands, trademarks, technology platforms and other intangible assets, ESG/sustainability investment and for all other corporate purposes aimed at strengthening the Company's long-term growth and shareholder value creation.

7. Provisions regarding various classes of shares

The provisions contained in this policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

8. Procedure:

- The dividend proposal placed before the Board for consideration shall be in terms of this Policy.
- The Company shall ensure compliance of provisions of applicable Laws and this Policy in relation to Dividend declared by the Company.

9. Governance, and Amendment

- 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.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

- The aforesaid payout range is indicative in nature and shall not constitute a legally binding commitment on the Company or the Board.

10. Review

This policy will be reviewed and amended as and when required by the Board.

11. Disclosure of the policy

This policy shall be uploaded in the Annual Report and on the website of the Company (https://www.uds.in/)

Policy framed on: 21/03/2023

Reviewed & amended on: 27/01/2025

Reviewed & amended on: 30/07/2026