

PTC- POLICY ON DIVIDEND DISTRIBUTION

1. Objectives & Scope

This Dividend Distribution Policy (hereafter referred as “Policy”) lays down a broad framework which will act as the set of guiding principles for the purpose of recommending or declaring any dividend during or for any financial year by the Company. The Policy aims at balancing the twin objectives of the growth of the Company and Shareholders’ value.

Through this Policy, the Company endeavors to bring a fair, transparent and consistent approach to its dividend pay-out plans. The Policy has been framed, broadly, in line with the provisions of the Companies Act, 2013 and also taking into consideration guidelines issued by SEBI/ RBI/and other regulations, to the extent applicable.

The Policy is a general declaration of intention and the actual declaration of dividend will require corporate action at the time a decision is taken, depending on the precise circumstances at that point of time.

In addition, payment of any such dividend will be subject to any restriction under applicable laws and regulation, the Articles of Association, available cash flows, dividend flows from subsidiaries and PTC Group’s capital requirements.

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

2. Definitions

- 2.1. “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- 2.2. “Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other Acts, Rules or Regulations which provide for the distribution of dividend.
- 2.3. “Company” shall mean PTC India Limited
- 2.4. “Board” or “Board of Directors” shall mean Board of Directors of the Company.
- 2.5. “Dividend” shall mean Dividend as defined under Companies Act, 2013 and shall include interim dividend.
- 2.6. “Policy” or “this Policy” shall mean the Dividend Distribution Policy.

- 2.7. **“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder,
- 2.8. **“Profit After Tax (PAT)”** The net amount earned by a business after all taxation before other comprehensive income.
- 2.9. **“Retained Profit”** Profit generated by a business that is not distributed to shareholders as dividends.
- 2.10. **“Dividend Payout Ratio”** Proportion of PAT paid out as dividends (including all applicable taxes on distribution) to shareholders.

3. Policy Outline

The basis of the Policy framework is in line with the provisions of the Companies Act, SEBI (LODR) Regulations 2015 and other guidelines, to the extent applicable in context with payment of dividend. The Policy shows the intent of the Company to share a portion of its profits with the owners of the Company.

4. Circumstances under which the shareholders may or may not expect dividend.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of PAT to be distributed among shareholders of the Company and the amount of PAT to be retained for business.

Dividend is declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, considering relevant laws and other factors into consideration, to be paid to the shareholders. The Board may also declare interim dividends taking into consideration the cash flows of the Company and its stakeholders.

The Board will consider the factors mentioned under Clause 5 below and before determination of any dividend payout, analyse the prospective opportunities and threats, viability of the option of dividend payout or retention etc. If the Board concludes that it is financially prudent not to recommend dividend, it may recommend no dividend. In that case, reason(s) thereof and information on utilization of the undistributed profits, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

5. Parameters for declaration of Dividend

Dividend for the year shall be decided by the Board of Directors considering various statutory requirements, financial performance of the company and internal and external factors enumerated below. However, the Company shall distribute not less than 50% of its Profit After Tax as dividend (interim and final together) including all applicable taxes on distribution. In the event, the Dividend Payout is below 50% as prescribed in this Policy; the Board shall pass such resolution for dividend and simultaneously record the reasons for such decision.

The Board will consider the following parameters

5.1 Financial Parameters

- Profit After Tax;
- Working Capital requirements;
- Capital expenditure requirements and alternative use of cash;
- Outstanding borrowings
- Available cash and cash flow requirement to meet any unforeseen events & contingencies/ group's capital requirements.
- Dividend received by the company.
- Net worth of the company
- Dividend Payout Ratio (including all applicable taxes on distribution).
- In case the dividend is paid out of the reserves, the balance of reserves after such withdrawal shall not fall below 25% of company's paid up share capital as appearing in the latest audited financial statement.

5.2 Developments in internal and external environment.

- Opportunities available for growth/expansion/ modernisation
- Past Dividend Trends
- Expectations of shareholders
- Prudential requirements
- Industry Conditions
- Customers and suppliers concentration and their financial health
- Statutory Provisions and Guidelines;
- Policies of the Government (centre and state)
- Dividend Pay-out Ratios of companies in same industries i.e. Peer Group Comparison
- Economic Environment

Any other factor as the Board may deem fit

6. Utilization of retained earnings

Subject to applicable regulations, the Company's retained earnings shall be applied for

- Funding organic and inorganic growth needs including working capital, capital expenditure etc;
- Buyback of shares subject to applicable limits;
- Any other permissible purposes.

7. Provision with regard to various classes of shares

The holders of the equity shares of the Company, as on the record date, will be entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company shall be entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

8. Manner and timelines for Dividend Payout

I. Interim Dividend

- a) Interim Dividend(s), if any, shall be declared by the Board of Directors.
- b) The payment of Interim Dividend, if declared, shall be made to the shareholders as per the applicable laws within 30 days from the date of declaration of Interim Dividend.

II. Final Dividend

- a) Recommendation for final dividend, if any, shall be done by the Board of Directors and shall be subject to approval of the shareholders of the Company in Annual General Meeting.
- b) The payment of dividends shall be made to the shareholders as per the applicable law within 30 days from the date of approval of final dividend.
- c) In case no final dividend is declared, Interim Dividend, if any, will be regarded as final dividend in AGM.

9. Exclusions

This Policy shall not be applicable in the following circumstances: -

- Capitalizing of profits by way of bonus issue of fully or partly paid up securities
- Declaration of dividend on preference shares (as and when issued), since the same will be governed by terms of issue of such shares
- Buyback of shares

10. Amendment(s):

- The Board may change/amend this Policy from time to time at its sole discretion and/or pursuant to any amendments made in the Companies Act, 2013 or any other Statutory Regulations.
- In case of any clarification(s), circular(s) etc. issued by the relevant authorities, not being inconsistent with the provisions laid down under this Policy, then this Policy shall be read along with such clarification(s), circular(s) so issued, from the effective date as laid down under such clarification(s), circular(s) etc. In case of any conflict in the Policy and regulatory provisions then regulatory provisions shall prevail.

11. Disclosures:

The Company shall disclose this Policy in its Annual Reports & Website.

EFFECTIVE DATE The Policy shall become effective from the date of its adoption by the Board.