

DIVIDEND DISTRIBUTION POLICY OF FDC LIMITED

Introduction:

FDC Limited (“the Company”) has always been committed in rewarding its shareholders by the distribution of its Profits via Dividend.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy to regulate the process of dividend declaration and its payout by the Company.

The key objectives of this policy is to ensure a regular dividend income to the shareholders and a long term capital appreciation for all stakeholders of the Company. Further, the Company shall also ensure to maintain adequate amount of Profits for its various expansion or diversification or acquisition Projects.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Company shall always endeavour to maintain fairness, consistency and sustainability, while distributing profits to the shareholders.

Category of Dividends:

Under the Companies Act, 2013 and the Rules made thereunder, Dividend has been classified as Interim and Final Dividend. The Board of Directors (“Board”) have been entrusted with the powers to recommend a final dividend to the shareholders and the same shall be approved by the shareholders at the general meeting of the Company. Further, the Board also has the absolute power to declare an interim dividend, as and when appropriate, during the financial year, as and when they consider it fit.

Declaration of Dividend:

Subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, the Dividend shall be declared or paid out of the following:

(i) Current financial year’s profit

- a) after providing for depreciation in accordance with law; and
- 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; and
- b) remaining undistributed.

iii) out of i) & ii) both.

In computing the above, the Board may at its discretion, subject to the provisions of the applicable laws, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of changes 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 resulting from change in accounting policies or accounting standards.

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

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 the amount of profit to be retained in the business, to be used for future expansion/ diversification plans.

The Dividend payout decision of the Company depends upon certain external and internal factors such as:

External Factors:-

- (i) State of the Economy- in case of uncertain or recessionary economic and business conditions, the Board will endeavour to retain larger part of the profits to build up reserves to absorb future shocks.
- (ii) 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.
- (iii) Statutory Restrictions- The Board will keep in mind the restrictions imposed by the Companies Act with regard to the declaration of dividend.

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; and
- (vii) Any other factor as deemed fit by the Board.

After taking into consideration the above factors, the Board shall endeavour to take a uniform decision with an objective to enhance shareholders wealth and retaining substantial amount of Profit for the future plans of the Company.

Commitment towards distribution of Dividend to Shareholders:

The Company stands committed to deliver sustainable value to all its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits earned, through its core business activities, to the shareholders, in the form of dividend.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.