

## **Policy of Dividend Distribution of Transpek Industry Limited**

This policy applies to the distribution of dividend by Transpek Industry Limited ('the Company') in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") as amended from time to time.

### **1. Background:**

SEBI has, through its notification no.SEBI/LAD-NRO/GN/2021/22 dated 5<sup>th</sup> May, 2021, notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 amended the existing Regulation 43A of Dividend Distribution Policy by making it a mandatory requirement for top one thousand (1000) listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be displayed on the Company's website and a web-link of the same shall be provided in the Annual Reports.

Prior to this amendment, having a dividend distribution policy was applicable only to top five hundred (500) listed entities based on market capitalization (calculated as on March 31 of every financial year).

### **2. Objective:**

The Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike a balance between pay-out and retained earnings, in order to address future financial needs of the Company.

### **3. Applicability:**

This Policy shall come into force from the accounting periods beginning from 1<sup>st</sup> April, 2021. This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retained profits earned by the Company.

### **4. Definitions:**

The terms referred to in this Policy will have the same meaning as defined under the Companies Act and the Rules made thereunder, and the SEBI LODR Regulations.

## **5. General:**

Dividend would be declared on per share basis on the Equity Shares of the Company on its face value. The Company currently has no other class of shares. Therefore, dividend declared would be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcements of Audited Annual Results and before the Annual General Meeting of the shareholders, as may be permitted by the Companies Act. The Board may also declare Interim Dividend/s as may be permitted by the Companies Act.

### **5.1 The circumstances under which the shareholders may or may not expect dividend:**

The Board of Directors will assess the Company's financial requirements, including present and future growth opportunities and other relevant factors (as mentioned in this Policy) in declaring dividend per share in any financial year.

The Board may not recommend any dividend if the Board is of the opinion that it is prudent to conserve profits based on several factors mentioned in this policy and other necessities.

### **5.2 Parameters for declaring Dividend:**

#### **a. Financial Parameters/Internal Factors:**

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

- Capital allocation plans including:
  - Expected cash requirements of the Company towards working capital, capital expenditure in technology and infrastructure etc.;
  - Investments required towards execution of the Company's strategy in the long run;
  - Funds that may be required for any acquisitions or entering into any Joint Venture that the Board of Directors may approve;
  - Funds that may be required for any shares buy-back plans;
- Minimum cash requirement for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Interim dividend(s), if any declared by the Board;
- Any other significant developments that may require cash investments.

### **5.3 The External Parameters that shall be considered while declaring dividend:**

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

- Business cycles;
- Economic environment;
- Cost of external financing;
- Industry outlook for the future years;
- Inflation Rate;
- Regulatory and policy changes introduced by the Government;
- Any other factors that the Company may consider as a parameter to consider while declaring or recommending dividend;

### **5.4 Policy as to how the retained earnings shall be utilised:**

The profits earned by the Company can either be retained in the business or used for the purposes mentioned under the "Financial/Internal Parameters" listed above or these can be distributed to the shareholders.

#### **6. Review:**

This Policy will be reviewed and amended by the Board from time to time as and when required.

#### **7. Disclosure:**

This Policy will be uploaded on the website of the Company.

#### **8. Limitation and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR Regulations or any other statutory enactments or Rules, the provisions of such Act or SEBI LODR Regulations or statutory enactments/Rules, shall prevail over this Policy.

Any subsequent amendment/modification in the SEBI LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.