

Dividend Distribution Policy

Revision History

Date	Version	Description	Author	Reviewed by	Status	Effective Date
July 22, 2016	1.0	Dividend Distribution	Sunil Sapre and Amit Atre	Audit Committee	Approved	July 23, 2016
January 27, 2019	2.0	Dividend Distribution	Sunil Sapre and Amit Atre	Audit Committee	Approved	January 27, 2019

A. Definitions:

1. 'Company' shall mean Persistent Systems Limited.
2. 'Members' shall mean shareholders of the Company who hold shares of the Company.

B. Objective: The objective of this document is to frame a policy for dividend distribution criteria of the Company.

C. Background: As per the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, the Company is required to mention the criteria for the dividend distribution which shall help investors to get a clear picture on returns from their investment in the Company.

D. Financial Parameters to be considered while declaring dividend:

The Company shall consider the unconsolidated PAT and the opportunities available for its growth and consider the expansion plans. Post consideration of these facts, the Company will take an informed decision about the dividend pay-out ratio which shall be maintained up to 40% of the Consolidated Profit After Tax.

E. Internal and External factors to be considered:

There are various internal and external factors which the Company shall consider before declaring dividend.

The internal factors which shall be considered include but not restricted to the unconsolidated Profits of the Company made during the year, Business Policy of the Company, expansion plans, corporate restructuring, scheme of arrangement or any other item which can have a financial impact on the Company.

The external factors i.e. factors on which the Management or the Company has no control include but not restricted to change in taxation, Government policies, geo-political reasons and include all factors which can have an financial impact on the Company.

The Company shall consider various options available to it for its growth and shall make an informed decision on the dividend distribution thereafter.

F. Circumstances under which the Members of the Company may or may not expect dividend:

The Company shall declare a dividend for any financial year whenever there is net profit after tax for the year after taking into account the adjustments for previous years, write back of expenses, providing for depreciation etc.

The Company shall declare no dividend in case there is insufficient net profit after tax for the year after taking into account adjustments for previous years, write back of expenses, providing for depreciation etc.

G. Utilization of Retained Earnings:

The following table shows the specified percentage of net profit that is required to be transferred to the Reserve in terms of Company's Policy for transfer of Profit to Reserves:

Percentage of dividend declared by the Company	Percentage of 'current profit' required to be transferred to General Reserve.
>10% and <= 12.5%	2.5%
>12.5% and <= 15%	5%
> 15% and <=20%	7.5%
> 20%	10%

The term Current Profit means net profit after tax for the year after taking into account adjustments for previous years, write back of expenses, providing for depreciation etc.

If the Company decides to make a voluntary transfer to reserves in excess of the percentages specified in Table above, it can do so provided it has maintained a rate of dividend in the current year which is not less than the average rate of dividend declared during the previous three years. In case the company has declared bonus shares during the current year or any of the three previous years, the Company is required to pay amount of dividend which is not less than the average amount of dividend distributed during the previous three years.

The advantage of retaining higher amounts in the profit and loss account is that this amount is available for distribution as dividend in future in the situation of inadequacy of profit. On the other hand, the amount transferred to the General Reserve is not freely available for distribution as dividend in case of inadequacy of profit in any year.

Policy:

- a. The Company shall transfer the prescribed percentage of Current Profits as per Table above to the General Reserve depending on the rate of dividend declared by the Company.
- b. If the Company has maintained the average amount of dividends distributed in the three previous years, then the Company shall transfer 40% of the balance amount of Current Profit to the General Reserve and retain 60% of the balance amount of Current Profit in the Profit and Loss Account. All amounts shall be rounded off to nearest Lakh for the sake of simplicity.