

# Johnson Controls-Hitachi Air Conditioning India Limited

## Dividend Distribution Policy

### Introduction

As required under SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, Company is required to formulate a Dividend Distribution Policy.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

Company, presently, has only one class of shares, i.e. Equity Shares, for which this Dividend policy is applicable.

### Circumstances under which the shareholders may expect dividend:

1. Adequate profit for current year calculated as per Companies Act, 2013 and adequate accumulated profit of previous year(s).
2. Company's current and future financial requirements, including growth opportunities.

### Circumstances under which the shareholders may not expect dividend:

1. Inadequate profit of current year and / or inadequate accumulated profit of previous year(s).
2. Board has planned Capital expenditure for next year.

### Financial parameters that shall be considered while declaring dividend:

1. Current year profits.
2. Possibilities of increasing cash requirements in the business including capital expenditure.
3. Any potential unforeseen events and contingencies with financial implications.

### Internal and external factors that shall be considered for declaration of dividend:

1. Available distributable surplus.
2. Company's liquidity position and future cash flow needs.
3. Track record of Dividends distributed by the Company.
4. Capital expenditure requirements for expansion and other opportunities.
5. Further business potential for the Company.
6. Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

### Policy as to how the retained earnings shall be utilized:

Retained earnings will be used inter alia for the Company's growth plans, working capital requirements, debt repayments, if any and other contingencies.