



# ITI Limited

## Dividend Distribution Policy

### 1. Introduction

- a. The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (LODR).
- b. Vide these Regulations, SEBI has inserted Regulation 43A to LODR, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.
- c. ITI Limited (the “Company”) being one of the top five hundred listed company as per the criteria mentioned above, the Board of Directors (the “Board”) has approved and adopted this Dividend Distribution Policy (the “Policy”).

### 2. Policy Framework

- 2.1 The policy is framed broadly in line with the provisions of Companies Act, 2013 and also takes into consideration, guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI and other guidelines, to the extent applicable. The policy shall deem to cover the amendments if any, issued by any of the regulatory authorities and / or Govt of India from time to time

### 3. Objective of the Policy

- 3.1 The objective of this policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend dividend in compliance with this policy and other applicable statutory provisions

### 4. Statutory Requirements:

The Board shall comply with the following statutory requirements while taking decision of a dividend payout during a particular year:

- (a) Companies Act, 2013 read with applicable Rules made thereon (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force
- (b) SEBI Regulations

- (c) Guidelines or directives issued by the Government of India
- (d) Any other laws

## 5. The circumstances under which the shareholders may or may not expect dividend

- 5.1 Decision regarding dividend seeks to balance the dual objective of rewarding the shareholders through dividend and retain profit to fund the growth plan of the company.
- 5.2 The company can be reasonably expected to declare dividend in future unless the Company is constrained not to declare profits under the following circumstances:
  - (a) **Absence or Inadequacy of profits:** If during any financial year, there are no profits or it is determined that the profits of the Company are not sufficient, the Board may decide not to declare dividend for that financial year.
  - (b) **Other constraints:** Crucial factors like limited/ non availability of cash resources, limitations due to future cash flow projections, emergent needs requiring significant resources, unstable business and profit projections etc and other statutory factors as considered by the Board while arriving at the decision not to declare dividends for that financial year

## 6. Financial parameters and other internal and external factors that would be considered for declaration of Dividend

- (a) Stability in earnings without the aid from revival package
- (b) Cash flow position from operations
- (c) Cost of Borrowings
- (d) Obligation to creditors
- (e) Future capital expenditure, inorganic growth plans and reinvestment opportunities
- (f) Leverage profile and capital adequacy metrics
- (g) Track record of Dividends distributed by the Company
- (h) Macroeconomic and business conditions in general
- (i) Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- (j) Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.
- (k) Any other relevant factors that the Board may deem fit to consider before declaring Dividend

## 7. Utilization of retained earnings

- 7.1 The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- (a) Strategic and Long term requirements of the Company
- (b) In accordance with prevailing regulatory requirements,
- (c) creating reserves for specific objectives,
- (d) fortifying the balance sheet against contingencies,
- (e) Expansion and any other specific purpose as approved by the Board of Directors of the Company.
- (f) Diversification plans
- (g) Non Fund Based needs of the Company, its joint venture which may be required for a healthy consolidated balance sheet

**8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

- 8.1 Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are 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.

**9. Amendment:**

- 9.1 The Board of Directors of ITI shall have the right to carry out any changes in the Policy, as it may deem appropriate.

**10. Disclosure**

- 10.1 This policy (as amended from time to time) will be available on the company's website and in the annual report.

**11. Cautionary Statement**

- 11.1 The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy to pay, subject to the circumstances and factors enlisted herein above, which shall be consistent with the performance of the Company over the years. This document does not solicit investment in the Company's shares nor is it an assurance of guaranteed returns (in any form), for investments in the Company's shares. The Policy is not an alternative to the decision of the Board for recommending dividend, which is generally made after taking into consideration all the relevant circumstances contained in this Policy.

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