

ITD CEMENTATION INDIA LIMITED

DIVIDEND DSTRIBUTION POLICY

Background

The Securities and Exchange Board of India (“SEBI”) has, vide its notification dated July 8, 2016 amended the (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2016 (“the Listing Regulations”) by inserting a new Regulation 43A which mandates the top 500 listed companies based on market capitalization calculated as on March 31, of every financial year to formulate a Dividend Distribution Policy.

ITD Cementation India Limited (“the Company”) being one of such top 500 listed companies is accordingly required to formulate a Dividend Distribution Policy (“the Policy”).

This Policy has been approved by the Board of Directors of the Company (“the Board”) at its meeting held on 9TH November 2016. The Policy will be applicable from the Company’s Financial Year 2016.

(a) **Objective**

The objective of the Policy is to reward the Company’s shareholders by sharing profits earned by the Company through payment of dividend, after ensuring that adequate funds are retained for sustaining its operations, needed capital expenditure and future growth of the Company.

The Policy is aimed at striking the right balance between the quantum of dividend paid to its shareholders and the amount of profits retained for its business requirements, present and future.

The Company will make dividend payments in line with this Policy.

(b) **Types of Dividend**

There are two types of dividend that may be paid by the Company to its Shareholders:-

(i) **Final Dividend**

The Board shall have the power at its meeting to recommend to the Shareholders for their approval at an Annual General Meeting both the declaration and the quantum of final dividend payable. The Board's recommendation shall be based on the Company's profits arrived at in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder (Collectively, "the Act") as per its annual audited financial statement and in line with this Policy. Upon the Shareholders approving at the Annual General Meeting the final dividend recommended by the Board, the Dividend shall be paid to all the Shareholders entitled to receive the same as on the Record Date/Book Closure Date determined by the Board in accordance with the applicable provisions of the Act.

(ii) Interim Dividend

The Board has the power to declare, at its complete discretion, one or more Interim dividends to the Shareholders during one Financial Year based on the Company's financial position as per its quarterly/half yearly financial statements, in line with this Policy.

The Company shall pay applicable Dividend Distribution Tax on dividends declared and paid.

The Board may at its sole discretion declare a Special dividend under certain circumstances such as extraordinary profits from sale of investments or on the Company attaining a significant milestone in its journey.

(iii) Declaration and Payment of Dividend (including Interim Dividend)

The declaration and payment of Dividend to the Shareholders shall be in accordance with the applicable provisions of the Act and the Rules framed thereunder for the time being and from time to time in force, and in line with this Policy.

(c) Factors to be considered when declaring/paying Dividend

The decision regarding dividend pay-out is a crucial one, as it determines the amount of profit to be distributed amongst the Shareholders and the amount of profit to be retained in the Company's business.

The dividend pay-out decision would depend upon the following external and internal factors:-

External Factors

- (a) **State of Indian Economy** – in case of uncertain or recessionary economic and business conditions, the Board will endeavour to retain larger part of profits to build up reserves for the future.
- (b) **Capital Markets** -- when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows.
- (c) **Statutory Restrictions** – The Board will keep in view the restrictions imposed by the Act and the Rules made thereunder in force from time to time and any other applicable statutory restrictions, obligations or impositions with regard to declaration of dividend.
- (d) **Corporate Tax** – The rate of Corporate Tax on dividend could be also a determining factor in deciding whether or not to declare dividend and/or its quantum.

Internal Factors

Apart from various external factors above mentioned, the Board will take into account various internal factors when declaring dividend such as the following:-

- (i) Profits earned during the financial year;
- (ii) Present and future capital requirements of the existing businesses;
- (iii) Brand/Business Acquisitions;
- (iv) Expansion/Modernization of existing businesses;
- (v) Additional investments of the Company;
- (vi) Obligations to creditors;
- (vii) Capital adequacy and liquidity maintenance;
- (viii) Any other factor as deemed fit by the Board.

(d) **How retained earnings to be utilized by the Company**

The profits earned by the Company may as per the Board's assessment in the light of the above factors, may be retained in business or utilized for projected expansion/diversification, brand/business acquisitions, capital expenditure and for the growth of the business and the balance shall be distributed amongst the Shareholders by way of dividend in line with this Policy.

(e) **Types of Capital**

The Company has only equity share capital as on date. If in future, the Company issues preference share capital and if dividend is declared by the Board, the preference share capital will have priority to receive dividend in accordance with the terms of its issue before any dividend is paid in respect of equity capital in accordance with the applicable provisions of the Act, and the Articles of Association of the Company.

(f) **Disclosure of this Policy**

The Company shall disclose this Policy on its website and in its Annual Report.

(g) **Amendment**

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes from time to time.

(h) **Review**

This Policy shall be reviewed periodically by the Board.

Place: Mumbai

Date: 9TH November, 2016

* Approved by the Board of Directors on 9TH November, 2016.