

# DIVIDEND DISTRIBUTION POLICY

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## Record of Review

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1.0	Corporate Secretarial	Chief Financial Officer	Board of Directors	May 04, 2017
1.1	Corporate Secretarial	Chief Financial Officer	Board of Directors	January 20, 2023

## **LTIMINDTREE LIMITED DIVIDEND DISTRIBUTION POLICY**

### **INTRODUCTION**

The Board of Directors (the “Board”) of LTIMINDTREE LIMITED (“LTIMINDTREE” or the “Company”) recognizes the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or apprehension in the minds of the shareholders, and in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Board has adopted the Dividend Distribution Policy (“Policy”).

### **PURPOSE**

The purpose of this Policy is to facilitate the process of recommendation/ declaration of dividend and its pay-out by the Company.

Dividend is the payment made by a company to its shareholders in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisition, expansion or diversification, or distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The Company would endeavor to strike a balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/recommending dividend from time to time.

### **FORMS OF DIVIDEND**

- **Interim Dividend**

Interim dividend may be declared by the Board one or more times in a financial year as deem fit, after finalization of quarterly/ half yearly financial results. The Board shall have the absolute power to declare interim dividend during the financial year, in line with this policy.

- **Final Dividend**

Final dividend is declared by shareholders for a financial year, at the Annual General Meeting after the annual financial statements are prepared based on the recommendation of the Board.

- **Special Dividend**

The Board may also declare special dividend, from time to time, as deem fit.

## **DIVIDEND & DISTRIBUTION**

Board shall endeavor to take the decision to declare/recommend dividend with the objective to enhance shareholders' value. The decision to declare/recommend dividend is subject to several factors which form part of this Policy.

Dividend once declared or approved, as the case may be, will be paid/distributed within the time prescribed by law, therefor.

## **QUANTUM OF DIVIDEND AND DISTRIBUTION**

Dividend payout in a particular year shall be determined after considering the operating and financial performance of the Company and the cash requirement for financing the Company's future growth. In line with the past practice, the dividend payout is expected to grow in accordance with the profitable growth of the Company under normal circumstances.

## **DECLARATION OF DIVIDEND**

Dividend shall be declared or paid only out of -

1. Current financial year's profits of the Company after providing for depreciation in accordance with law; Or
2. The profits of the Company for any previous financial year(s) arrived at after providing for depreciation in accordance with law and remaining undistributed; Or
3. Out of 1 & 2 both.

In case of inadequacy or absence of profits in any financial year, the Company may pay Dividend out of the accumulated profits of previous years, in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

**Circumstances under which shareholders may not expect dividend or when the Company is unable to declare dividend, may be for reasons including, but not limited to, the following:**

- a. Due to operation of any law in force;
- b. Due to loss incurred by the Company, and the Board considers it appropriate not to declare dividend for any particular financial year;
- c. Due to restrictions and/or covenants contained in any agreement with the Lender;
- d. Due to any default on part of the Company;
- e. Uncertainty of earnings/ financial results of the Company; and
- f. Availability of opportunity for investment of surplus funds.

**FACTORS AFFECTING DIVIDEND DECLARATION:****a) External factors to be considered while recommending/ declaring dividend**

- Legal/ Statutory provisions: The Board shall keep in perspective restriction imposed, if any, under the Companies Act, 2013 and/or any other applicable law with regard to declaration and/or distribution of dividend. Further, any restriction on payment of dividend by virtue of any regulation, as may be applicable to the Company, may also impact declaration and/or distribution of dividend.
- State of economy: The Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic and business conditions, and in situations where the policy decisions of the Government may have a bearing on or affect the business of the Company, for sustainable growth.
- Nature of Industry: The nature of the industry in which the Company is operating, influences the dividend decision.
- Taxation Policy: Tax policy of the country also influences the dividend policy of the Company. The rate of corporate tax, dividend distribution tax and other taxes influence the quantum of dividend to be declared.
- Capital Markets: In case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflow to reduce the cost of raising funds through alternate resources.

**b) Internal factors to be considered while recommending/ declaring dividend**

Apart from the external factors, the Board shall take into account various internal factors, including the financial parameters, while declaring dividend which shall inter-alia, include the following –

- Magnitude and stability of earnings: The extent of stability and magnitude of Company's earnings will directly influence declaration of dividend. Thus, dividend is directly linked to the availability of earnings (including accumulated earnings) with the Company.
- Liquidity position: Company's liquidity position also determines the rate of dividend. If the Company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend pay-out.
- Future requirements: If the Company foresees some profitable investment opportunities in the near future, which may include acquisition of business/ brand, expansion/ modernization of existing businesses, additional investments in

subsidiaries/ associates of the Company, fresh investments in external businesses, then it may decide for lower dividend pay-out and vice-versa.

- Leverage profile and liabilities of the Company.
- Any other factor as the Board may deem fit.

#### **c) Retained Earnings**

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. The Company shall endeavor to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilized for internal financing of various projects and for fixed as well as working capital. Thus, the retained earnings shall be utilized for carrying out the main objects of the Company and maintain adequate liquidity levels.

#### **d) Parameters that shall be adopted with regards to various classes of shares**

Currently, the Company does not have different classes of shares and follows the 'one share, one vote' principle.

#### **REVIEW & AMENDMENT:**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

Unless required under the Act or Listing Regulations or other applicable regulations to be approved by the Board, all statutory amendments in the Act or Listing Regulations or other applicable regulations, shall be effective and binding even if such amendments are not incorporated in the Policy herein.

For administrative convenience, any change in the Policy herein shall be made by the Company Secretary in consultation with 'Chief Executive officer & Managing Director' or 'Chief Financial Officer'. Apart from administrative convenience and any statutory amendments, any material change that substantially impacts the implementation of the existing Policy shall be approved by the Board.

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