



IL&S Transportation Networks Ltd.

IL&S TRANSPORTATION NETWORKS LIMITED

DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy

1. Introduction

- 1.1 This Policy has been adopted by the Board pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which mandates the top 500 Listed Companies to formulate a Dividend Distribution Policy
- 1.2 This Regulation is to streamline the process of declaration of dividend and its pay-out by the Company

2. Objectives

- 2.1 One of the ways to reward a shareholder is by distributing portion of the Company's earnings in the form of dividend
- 2.2 This Policy discloses various parameters that may be considered appropriate by the Board of Directors of the Company while distributing dividend to the Shareholders. The Company should ensure to strike a right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes, since these earnings would be utilised for internal financing of its various projects and for fixed as well as working capital
- 2.3 The Policy is not an alternative to the decision of the Board for recommending the dividend, which is made every year after taking into consideration all the relevant circumstances as may be deemed relevant
- 2.4 Declaration of dividend will be dependent upon the performance of the Company, availability of free cash flows, Company's projects & prospects
- 2.5 The Company shall consider certain intrinsic and extrinsic factors before arriving at the dividend decision which are summarised as below:
 - 2.5.1 Statutory provisions: the restrictions imposed by the Companies Act, 2013 as amended or under any other applicable laws will have an impact on the declaration of dividend
 - 2.5.2 Nature of Industry: the Company being a developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualization through commissioning to operations and maintenance is required to provide unstinted financial support to its project companies in terms of equity / quasi equity

- 2.5.3 Tax policy: the tax policy of a country influences the amount of profits available to the Company for distribution as dividend
- 2.5.4 The Company's immediate investment plans shall also play a vital role in determining the dividend decision & its distribution
- 2.5.5 The main objective of the Company for maintaining the adequate liquidity could also lead to lower dividend payout and vice versa

3. Effective Date

This Policy shall come into force with effect from May 13, 2017

4. Guidelines for consideration by the Board while recommending Dividend

- 4.1 Dividend (including interim) shall be declared in accordance with the provisions of Section 123 of the Companies Act, 2013 and Rules made thereunder, as may be applicable at the time of declaration of Dividend
- 4.2 Following factors shall be considered while declaring Dividend for any financial year:
 - i. Profits earned during the year;
 - ii. Present & future Capital requirements of the existing businesses;
 - iii. Business Acquisitions;
 - iv. Contribution of one time events causing undue profitability
 - v. Expansion/Modernisation of existing businesses;
 - vi. Additional investments in Subsidiaries/Associates of the Company;
 - vii. Fresh investments into external businesses;
 - viii. Any other factor as deemed fit by the Board
- 4.3 Of the foregoing, funds required to be retained for future growth of the Company shall be paramount
- 4.4 The Board would provide a Equity dividend pay-out commensurate with the factors outlined above. However, the Board of Directors, at its discretion, may decide not to declare any Dividends or declare lower dividend for any financial year in case -
 - there is inadequacy of profits
 - funds required for specific organic or inorganic growth plans
 - any other extraordinary circumstances
- 4.5 In the ordinary course, the Company does not intend to declare dividend on Equity shares out of past profits. However, the Board shall decide to utilise the Retained Earnings for any corporate purposes keeping in mind interest of shareholders

- 4.6 The Board of Directors of the Company would declare an interim dividend as and when considered appropriate after finalisation of quarterly (or half yearly) financial accounts. This would be in order to supplement the annual dividend or payment of dividend under exceptional circumstances
- 4.7 Apart from the Equity Shares, the Company may also issue Preference Shares which shall carry a fixed rate for payment of Dividend. The Company shall pay the dividends on Preference Shares in accordance with the terms and conditions of the issue
- 4.8 The Dividends declared on Equity Shares shall be distributed equally amongst such shareholders based on their shareholding on the record date decided for the purpose

5. Disclosures

The Company shall make appropriate disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

6. Parameters that shall be adopted with regard to various classes of shares

- 6.1 The Company has only one classes of equity shares
- 6.2 The Preference Shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue. If the Company is not having distributable profits for any certain financial year or the Company is unable to pay the dividend then the shall be accumulated and be paid later on

7. Review of the Policy

The Board will review this Policy from time to time and make necessary revisions as and when required
