

INTRODUCTION

The Board of Directors (the "Board") of Larsen & Toubro Infotech Limited ("LTI" or the "Company") understands 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 any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy ("Policy") and procedures with respect to Dividends declared/ recommended by the Company 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") as amended from time to time.

PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be 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 ensure to strike the right 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 dividends on behalf of the Company.

AUTHORITY

This Policy has been adopted by the Board of the Company at its Meeting held on May 4, 2017. The Policy shall also be displayed in the Annual Report and also on the website of the Company.

FORMS OF DIVIDENDS

▪ Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit by it.

- **Final Dividend**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- **Special Dividend**

The Board may recommend special dividend as and when it deems fit.

DIVIDEND & DISTRIBUTION

The Board of Directors shall endeavor to take a decision for Dividend Distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several factors which form part of this Policy.

The Dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

DECLARATION OF DIVIDEND:

Dividend shall be declared or paid only out of -

1) Current financial year's profit:

- a) after providing for depreciation in accordance with law;
- b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

2) The profits for any previous financial year(s) 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 also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein.

Circumstances under which shareholders may not expect dividend/ or when the dividend could not be declared by the Company shall be for the reasons stated herein, but are not limited to, the following reasons only:

- a. Due to operation of any other law in force;
- b. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- c. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders;
- d. Due to any default on part of the Company;
- e. Uncertainty of the earnings/ financial results of the Company; and
- f. The availability of opportunities for reinvestments of surplus funds.

FACTORS AFFECTING DIVIDEND DECLARATION:

a) External Factors to be considered while recommending/ declaring dividend

- Legal/ Statutory Provisions and Regulatory concern: The Board shall keep in mind the restrictions imposed by Companies Act, 2013 and any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company may also impact the declaration and 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 have a bearing on or affect the business of the Company, for sustainable growth.
- Nature of Industry: The nature of industries in which the Company is operating, influences the dividend decision. Industries with stable demand throughout the year are in a position to have stable earnings and help declare stable dividends.
- Taxation Policy: The tax policy of a country also influences the dividend policy of Company. The rate of corporate tax, dividend distribution tax and other taxes influence the amount of dividend to be declared out of profits available to the Company.
- Capital Markets: In case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.

b) Internal Factors to be considered while recommending/ declaring dividend

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

- Magnitude and Stability of Earnings: The extent of stability and magnitude of Company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the Company.
- Liquidity Position: Company's liquidity position also determines the level 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 near future including but not limited to Brand/ Business Acquisitions, Expansion/ Modernization of existing businesses, Additional investments in subsidiaries/ associates of the Company, Fresh investments into 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 deemed fit by the Board.

c) Retained Earnings

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure 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 its various projects and for fixed as well as working capital. Thus, the retained earnings shall be utilized for carrying out the main objectives of the Company and maintaining 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:

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.



Let's Solve

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.