

Dividend Distribution Policy

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OBJECTIVE OF THE POLICY

The objective of the Dividend Distribution Policy (**'the Policy'**) of ICRA Limited (**'the Company'**) is to maintain stability in the dividend payout of the Company, subject to the applicable laws and to ensure a regular dividend income for the members and long term capital appreciation for all stakeholders of the Company.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to this Policy while declaring/ recommending dividends on behalf of the Company. Through this Policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws.

BACKGROUND

The Securities and Exchange Board of India ("**SEBI**") amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") by inserting a new Regulation 43A, effective from July 8, 2016. Regulation 43A requires that the top five hundred listed entities based on market capitalization (calculated as on March 31 every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their website. Considering the requirements of the aforesaid Regulation of the Listing Regulations, the Company has modified this Policy to align with the requirements specified under Regulation 43A of the Listing Regulations for distribution of dividend.

CIRCUMSTANCES UNDER WHICH THE MEMBERS MAY OR MAY NOT EXPECT DIVIDEND

The Members of the Company may or may not expect Dividend depending upon circumstances, including but not limited to the following circumstances:

1. Loss incurred or inadequacy of profits;
2. Utilisation of reserves and surplus for buyback of securities of the Company;
3. Acquisitions and/or any other potential strategic actions;
4. Investment in business;
5. Any other circumstance(s), which Board may consider not to recommend dividend.

PARAMETERS FOR DECLARATION OF DIVIDEND

I. Financial parameters and Internal factors for determining dividend

In determining the Company's dividend payout, the Board of Directors considers financial parameters and internal factors, including:

1. Stability of earnings;
2. Liquidity of funds;
3. Needs for additional capital;
4. Past dividend trends;
5. Dividend type and its time of payment;
6. Acquisitions and/or any other potential strategic actions;
7. Expansion of business made by the Company.

II. External factors for determining dividend

In determining the Company's dividend payout, the Board of Directors considers external factors, including:

1. Prevailing legal requirements, tax rules, Government policies, statutory conditions or restrictions as may be provided under applicable laws;
2. State of the economy of the country;
3. Favourable state of the capital markets;

POLICY ON UTILIZATION OF RETAINED EARNINGS

The Company believes in continuing a reasonable balance between cash retention and distribution of dividend to its members. The Company believes in the requirement of cash retention for expansion and diversification of the Company including acquisitions to be made by it, and also as a means to meet contingency. The Company shall declare dividends for a financial year out of the profits of the Company for that year or out of the profits of the Company for any previous financial year or years after providing for depreciation in accordance with applicable laws. The Company has a practice of paying dividend on a yearly basis and has been consistently declaring and paying dividend.

The Company reserves the right to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

At present, the Company has one class of equity shares having a par value of Rs. 10 each. Each member is eligible for one vote per share held. As and when the Company issues any other kind of shares, the Board of Directors may suitably amend this Policy.

PROCEDURE FOR DECLARATION OF DIVIDEND

- (a) Give prior intimation to the stock exchanges about the Board Meeting at which proposal for declaration/recommendation of dividend or the passing over of dividend is due to be considered at least 2 working days in advance, excluding the date of the intimation and date of the Board Meeting.
- (b) Recommend or declare all dividend at least five working days (excluding the date of intimation and the record date) before the commencement of the closure of its transfer books or the record date fixed for the purpose.
- (c) Immediately, on the date of the meeting of Board of Directors, intimate to the stock exchanges within 30 minutes of the closure of the Board Meeting, all dividends recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/despached.
- (d) Declare or disclose dividend on a per share basis.

The dividends are recommended by the Board of Directors of the Company and voted upon thereafter at a general meeting of members of the Company.

AMENDMENTS/MODIFICATIONS

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or the Regulations, then the provisions of the Act or the Regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

If Company proposes to declare dividend on the basis of any parameters in addition to clauses (a) to (e) of Regulation 43A of the Listing Regulations or proposes to change parameters specified in this Policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

The Board of Directors of the Company may, subject to applicable laws, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy.