

RITES LIMITED

DIVIDEND DISTRIBUTION POLICY

Preamble

The Shares of RITES Limited (the “Company”) are listed on National Stock Exchange of India Limited, Mumbai and Bombay Stock Exchange Limited, Mumbai.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 has inserted Regulation 43A w.e.f. 08th July, 2016 to the Securities and Exchange Board of India (LODR) Regulations, 2015. As per Regulation 43A, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Considering the fact that the Company, as of 31st March 2019, is amongst the top 500 listed entities as per the criteria, the dividend distribution policy has been formulated.

The Board of Directors of the Company (the “Board”) has approved the Dividend Distribution Policy of the Company (the “Policy”) in its meeting held on <<<TOB>>>

Objective

The objective of this Policy is 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 the Policy while declaring/recommending dividends on behalf of the Company. Through this Policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws and conditions.

The policy has been framed broadly in line with the provisions of the Companies Act, 2013 and also taking into consideration guidelines issued by other Regulatory Authorities, to the extent applicable.

Statutory and Government guidelines

The Board of the Company shall comply with the following statutory and government guidelines and requirements while taking decision of a dividend payout:

- a. Companies Act 2013 and rules & regulations there under (“Act”).
- b. Guidelines or directives issued by Government of India.
- c. Any other law to the extent applicable.

The Company endeavours to declare dividend as per the guidelines issued by Department of Investment & Public Asset Management (DIPAM), Govt. of India from time to time.

Financial Parameters

- a. Financial performance for the year.
- b. Distributable surplus available as per the “Act”.
- c. Liquidity position.

Internal and External factors that would be considered for declaration of dividend

- a. Capital expenditure requirements considering expansion and other opportunities.
- b. Borrowing levels and the capacity to borrow.
- c. Cost and availability of alternative source of financing.
- d. Covenants of loan agreements.
- e. Macroeconomic and business conditions.
- f. Regulatory norms.
- g. Any other relevant factors that the board may deem fit to consider before declaring dividend.

Circumstances under which the shareholders of the company may or may not expect dividend

The company has been consistently paying out dividends to its shareholders and is expected to continue in future as well, unless the company is restrained to declare dividends due to financial and other internal and external factors as mentioned above. The company would aim to strike a balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs.

Utilization of Retained Earnings

The Company’s retained earnings shall be applied for:

- a. Capital and Revenue Expenditures for the growth of the business and operations of the Company.
- b. Issue of bonus shares or buy back of shares as per Government guidelines.
- c. Any other purpose which the board may consider appropriate.

Manner and Timelines for Dividend Payout

- a. Dividend for every financial year shall be decided by the Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy.
- b. Interim dividend(s), if any, may be declared by the Board in addition to Final Dividend.

- c. Subject to applicable laws, the payment of interim dividend shall be made within 30 days from the date of approval by the Board to the shareholders entitled to receive dividend on the record date.
- d. Recommendation for final dividend, if any, shall be done by the Board usually in the Board meeting that considers and approves the annual financial statements, subject to approval of shareholders of the company.
- e. Subject to applicable laws, the payment of final dividend shall be made within 30 days from the date of approval by the members to the shareholders entitled to receive dividend on the record date.
- f. The payment of Interim Dividend shall be subject to subject to Shareholders' ratification.

Parameters to be adopted with regard to various classes of shares

As on date, the Company has issued only one class of equity shares. All the members of the Company on the record date are entitled to receive the same amount of dividend declared per share. The policy shall be revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Other Provisions

The Board of Directors of the Company has approved the Dividend Distribution Policy of the Company.

The Board of Directors of the Company shall have the right to carry out any changes in the Policy, as it may deem appropriate.