



INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED

CIN: L74899DL1999GOI101707

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DIVIDEND DISTRIBUTION POLICY OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED

1. PREAMBLE

SEBI vide its notification dated 08.07.2016 has inserted regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires top five hundred (500 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Considering the fact that Indian Railway Catering and Tourism Corporation Limited (IRCTC) is in the process of launching an IPO by way of disinvestment of shares belonging to Government of India in the share capital of the Company. In addition, IRCTC being a government company is also under obligation to follow the guidelines of Department of Investment and Public Asset Management (DIPAM). Accordingly, the dividend distribution policy of IRCTC has been formulated.

2. DEFINITIONS

Term	Definition
“Act”	means Companies Act, 2013 including the rules framed there under as amended from time to time.
“SEBI Regulations”	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
“Applicable Laws”	means the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
“Company ”	means “Indian Railway Catering and Tourism Corporation Limited”
“Board ”	Means the collective body of the Directors of the Company.
“Chairman”	means the Chairman of the Board of Directors of the Company.
“Director”	means a Director appointed to the Board of a Company.
“Compliance Officer”	means the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.
“CMD”	means Chairman & Managing Director of the Company.
“Dividend”	means Dividend as defined under Companies Act, 2013.
“DIPAM”	Means Department of Investment and Public Asset Management
“DPE”	means the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.
“Policy”	means this Dividend Distribution Policy.

“ Guidelines”

Means guidelines issued by DIPAM, DPE or SEBI on dividend as applicable.
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3. INTERPRETATION

In this Policy, unless the contrary intention appears;

- (i) the clause headings are for ease of reference only;
- (ii) a reference to a clause number includes a reference to its sub-clauses;
- (iii) words in singular number include the plural and vice versa;
- (iv) words and expressions used and not defined in this Policy but defined in the Act or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations and DIPAM/DPE Guidelines.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to CMD and his decision in such a case shall be final.

4. EFFECTIVEDATE

The Policy shall become effective from the date of its approval i.e. 21.08.2019.

5. REGULATORY/ POLICY FRAMEWORK

- The policy has been framed broadly in line with the provisions of the Companies Act, 2013and;
- Taking into consideration, guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises;
- SEBI and other guidelines, to the extent applicable.

6. OBJECTIVE AND SCOPE OF THEPOLICY

- This Policy is aimed at increasing the Company’s fundamental value ensuring an annual dividend payout based on the amount of profit to be distributed amongst shareholders of the Company after balancing the requirement of deployment of internal accruals for its sustenance and growth plans.
- The Company’s commitment is to deliver sustainable value to all its stakeholders.
- The Company has been consistently paying dividend and this trend is expected to continue in future as well unless the company is unable to declare dividend due to any of the factors listed ahead.

7. INTENT OF THISPOLICY

The intent of this Policy is to broadly specify the following parameters:

- A. Circumstances under which the shareholders may or may not expect dividend;
- B. Financial parameters that shall be considered while declaring dividend;

- C. Internal and external factors that shall be considered for the declaration of dividend;
- D. Policy as to how the retained earnings of the Company shall be utilized and;
- E. Parameters that shall be adopted with regard to various classes of shares of the Company.

Provided that if the Company proposes to declare dividend on the basis of parameters in addition to clauses A to E or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

A. Circumstances under which the shareholders of the Company may or may not expect dividend.

The decision regarding dividend pay-out is a crucial decision as it balances the amount of profit to be distributed amongst shareholders with the requirement of deployment of internal accruals for sustenance and growth plans of the Company.

Dividend is declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. Board may recommend dividend, at its discretion, to be paid to shareholders. Board may also declare interim dividend. Generally, the factors that may be considered by the Board before making any recommendations for the dividend shall include, but not limited to, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, guidelines issued by the Government.

B. Financial Parameters that shall be considered while declaring dividend.

Being a Central Public Sector Enterprise (CPSE), the Company endeavors to declare the dividend as per the guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by DIPAM, Govt. of India on 27.05.2016, mandating every CPSE to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified on case to case basis at the level of Administrative Ministry/Department after considering the following financial parameters:

- (i) Net-worth of the Company and its Capacity to borrow;
- (ii) Long-term borrowings;
- (iii) CAPEX/Business Expansion needs;
- (iv) Retention of profit for further leveraging in line with the CAPEX needs; and
- (v) Cash and bank balance.

C. Internal and External factors that shall be considered for declaration of dividend

Internal Factors

Extent of realized profits as a part of the IND AS profits of the Company

The extent of realized profits out of its profits calculated as per IND AS, affects the Board's decision of determination of dividend for a particular year. The Board is required to consider *inter alia*, the following factors before taking any dividend or retention decision:

- (i) Profit upto the quarter/ for the financial year;
- (ii) Available balance in the free reserves of the Company;
- (iii) Dividend payout trend of the Company and the industry;
- (iv) Future business projections and operational requirements;
- (v) Stability of earnings and projections of future profits
- (vi) Operating cash flows, treasury positions and operational requirements
- (vii) Borrowing levels and the capacity to borrow;
- (viii) Present and future capital expenditure plans of the Company
- (ix) Additional investments in any subsidiaries / joint ventures or associates of the Company;
- (x) Providing for unseen events and contingencies which has financial implications;
- (xi) The need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals
- (xii) Any other factor as may be deemed fit by the Board.

External Factors

Economic Environment

In case of uncertain or recessionary economic and business conditions, the Company may like to retain the profit to build up the reserves to meet future eventualities.

Capital Market

In case of unfavorable market conditions, the Company may resort to a conservative dividend payout.

Statutory requirements and Government Guidelines

- The Company shall observe the relevant statutory requirements of the Companies Act, 2013 including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Act, at the time of taking decision with regard to dividend declaration or ploughing back their profit in the business.
- Being a Government Company, the Company shall also consider the guidelines in force in respect of dividend declaration as issued from time to time by the Government of India. In the event the Company is not able to comply with the Government of India guidelines, it would approach the Government of India for suitable exemption from the same through its Administrative Ministry.
- In terms of section 123 of the Companies Act, 2013, no dividend shall be declared by a company except out of the profit of the company for that year or out of profit of the any previous year or years arrived at after providing for depreciation in accordance with the provision of the Act and after transfer of such percentage of its profit for that financial year as it may consider appropriate to the reserves of the company.

Agreements with lending institutions/ Debenture Trustees

The decision of dividend pay-out shall also be subject to the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

D. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization and revamps;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive/ Substitution of high cost debt/ repaying the high cost debt;
- Other such criteria as the Board may deem fit from time to time.

E. Parameters to be adopted with regard to various classes of shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

8. STATUTORY REQUIREMENTS

The Board shall ensure compliance with the Companies Act, 2013 and Rules framed thereunder, the guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by DIPAM, Govt. of India on 27.05.2016 and all other applicable law while taking decision of a dividend payout during a particular year.

- 9.** This Policy shall not apply to:
- Distribution of dividend in kind i.e., by issue of bonus shares or other securities, subject to applicable law;
 - Distribution of cash as an alternative to dividend payment by way of buyback of equity shares etc.

10. DISCLOSURE OF THIS POLICY

The policy shall be disclosed in the Annual report of the Company, as required under Companies Act, 2013 and Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and as may be required under any other law for the time being in force.

11. REVIEW

To the extent any change/amendment is required in terms of any applicable law, the CMD of the Company is authorized to review and amend the Policy, to give effect to any such changes/ amendments. Such amended Policy shall be placed before the Board for its noting.

12. WEBSITE

The Policy will be uploaded on the Company's website for public information.
