

# INDUSTRIAL INVESTMENT TRUST LIMITED

## DIVIDEND DISTRIBUTION POLICY

In compliance with the provisions of the Companies Act 2013 and rules made thereunder (“the Act”) and Regulations 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as amended from time to time, the Company has formulated the Dividend Distribution Policy

This Policy also stipulates the process for recommendation/ declaration of dividend and its payout by the Company in accordance with the provisions of the Companies Act, 2013 (the Companies Act), guidelines issued by Reserve Bank of India and other rules, regulations etc. as applicable to the Company.

### **Class of Shares**

The Company has issued only Equity Shares.

### **Parameters to be considered before recommending / declaring dividend.**

The Board of Directors shall *inter alia* consider the following criteria before recommending / declaring dividend:

#### ***i. Statutory and Regulatory Guidelines/Policies***

The Company shall declare dividend only after ensuring compliance with the pertinent regulations and directives/guidelines issued by the Reserve Bank of India (“RBI”) including the RBI’s Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as updated) (“RBI Guidelines”), provisions of the Companies Act 2013 and rules made thereunder and any other regulations (collectively referred as “applicable regulations”) as may be applicable from time to time.

#### ***ii. Board Oversight***

The Board of Directors shall take into account the following aspects:

- a) Financial Performance of the Company
- b) Long term growth plans of the Company and capital requirements
- c) Supervisory findings of RBI on divergence in classification and provisioning for Non-Performing Assets (“NPAs”)
- d) Auditors’ Report to the Financial Statements including the qualifications (if any) provided therein
- e) Regulatory compliances, as may be applicable from time to time and as detailed in following paragraphs.
- f) Shareholder expectations

**iii. RBI Guidelines on Declaration of dividends by NBFCs**

As mandated by the RBI Guidelines, the Board shall recommend/declare dividend if the Company meets the following minimum prudential requirements:

**a) Capital Adequacy Ratio (CRAR):**

The Company shall maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II Capital which shall not be less than 15% of its aggregated risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, in each of the last three financial years including the financial year for which the dividend is proposed.

At any point of time, Tier-I Capital shall not be less than 10%.

**b) Net NPA:**

The net NPA ratio shall be less than 6% in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.

**c) Other criteria:**

- The Company shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934.
- The Company shall be compliant with the prevailing regulations/guidelines issued by RBI.
- RBI shall not have placed any explicit restrictions on declaration of dividend.

**d) Dividend Pay-out Ratio:**

The Dividend Pay-out Ratio shall be subject to a limit of 50%.

The Dividend Pay-out Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.

Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares if any, eligible for inclusion in Tier-I Capital.

In case the net profit for the relevant period includes any exceptional and/or extraordinary profits / income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Pay-out Ratio.

iv) Dividend can be recommended / declared based on the audited / un-audited financials of the Company subject to maximum dividend pay out ratio as stipulated under the RBI Guidelines.

v. The following parameters may be considered by the Board of Directors before recommending / declaring dividend:

***Financial parameters and other internal factors***

- Net worth, net owned funds, and accumulated reserves

- Profits of the current period
- Profitability outlook for the current year
- Return on assets and return on equity
- Asset quality
- Compliance with terms and covenants in any agreement entered into by the Company with its lenders/debenture trustees.

#### ***External Factors***

- Macroeconomic conditions
- Competitive landscape
- Taxation provisions
- Government policies.

#### **vi. Reporting**

The Company shall report details of dividend declared during the financial year as per the format prescribed in Annex. The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of RBI.

#### **Statutory and Regulatory guidelines for Recommendation / Declaration of Dividend**

Subject to the provisions of the Companies Act, the Board shall recommend/declare/ pay the Dividend only out of-

- i) 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 under the Companies Act or applicable law, regulations, norms or as may be otherwise considered appropriate by the Board at its discretion.
- ii) The profits for any previous financial year(s):
  - a) after providing for depreciation in accordance with law;
  - b) remaining undistributed; or
- iii) out of i) & ii) both.
- iv) out of free reserves in the manner permissible under the Companies Act.

#### **Conflict in Policy**

In the event of a conflict between the Policy and the extant applicable regulations, the applicable regulations shall prevail.

#### **Amendments**

In case any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, are not consistent with the provisions laid down under the Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

#### **Review of Policy**

The Board of Directors shall review the Policy annually.

**Date: 13.03.2026**