



## **DIVIDEND DISTRIBUTION POLICY**

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<b>Policy Title</b>	<b>Dividend Distribution Policy</b>
<b>Version Number</b>	<b>3.00</b>
<b>Effective Date</b>	<b>23<sup>rd</sup> March, 2017</b>
<b>Authorised by</b>	<b>Board of Directors</b>
<b>Date of last review / revision</b>	<b>24<sup>th</sup> March, 2022</b>

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## **Dividend Distribution Policy**

### **1. Objective**

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

### **2. Effective Date:**

The Board of Directors of the Company, at its meeting held on 23<sup>rd</sup> March, 2017, has adopted the Dividend Distribution Policy of the Company as required in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. The Policy is effective from the financial year 2016-2017.

### **3. Regulatory Framework**

The Securities and Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Accordingly, JSW Energy Limited, being one of the top one thousand listed companies as per market capitalization as on the last day of the immediately preceding financial year, is required to frame this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 4. Definitions

- 4.1 “**Act**” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- 4.2 “**Applicable Laws**” shall mean 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.
- 4.3 “**Company**” shall mean JSW Energy Limited.
- 4.4 “**Chairman**” shall mean the Chairman of the Board of Directors of the Company.
- 4.5 “**Compliance Officer**” shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.6 “**Board**” or “**Board of Directors**” shall mean Board of Directors of the Company.
- 4.7 “**Dividend**” shall mean Dividend as defined under the Companies Act, 2013 and includes Interim Dividend.
- 4.8 “**JMD & CEO**” shall mean Joint Managing Director and Chief Executive Officer of the Company.
- 4.9 “**Policy or this Policy**” shall mean the Dividend Distribution Policy.
- 4.10 “**SEBI Regulations**” shall mean 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.
- 4.11 “**Subsidiary**” shall mean Subsidiary of the Company as defined under the Companies Act, 2013.

## **5. Parameters for declaration of Dividend**

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

### **5.1 General Guidelines for Dividend Distribution**

- a. The Company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder, and any amendments made thereto.
- b. The Board may not recommend dividend if, in its opinion, it is financially not prudent to do so.
- c. If the Company proposes to declare dividend on the basis of parameters in addition to those covered in this policy or proposes to make any changes to any parameters of the dividend distribution policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

### **5.2 Financial Parameters / Internal Factors**

Before declaring or recommending dividend to shareholders, the Board of Directors would consider appropriate financial parameters like accumulated profit; working capital requirements; capital expenditure requirements; capital investment requirements; cash flow & liquidity; debt servicing and leverage ratios; outstanding borrowings and repayment schedules; past dividend trends; any other factor deemed fit by the Board.

### **5.3 External Factors**

Before declaring or recommending dividend to shareholders, the Board of Directors would consider relevant external factors like the prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws; macro-economic factors; economic and industry outlook; growth outlook.

### **5.4 Circumstances under which the shareholders may or may not expect Dividend**

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to balance capital requirements as enumerated in the aforesaid sections in 5.2 & 5.3 respectively. The Equity shareholders may expect dividend only if the Company has surplus funds and after taking into consideration relevant financial parameters / internal /external factors enumerated in 5.2 and 5.3 above.

The shareholders of the Company may not expect dividend under the following circumstances:

- a. Significant expansion project requiring higher allocation of capital;
- b. Significantly higher working capital requirements adversely impacting free cash flow;
- c. Acquisitions or joint ventures requiring significant allocation of capital;
- d. Proposal for buy back of securities;
- e. Inadequacy of profits or whenever the Company has incurred losses; in particular, where the debt servicing capability can get compromised
- f. Restrictions in loan / NCD agreements on account of covenants therein
- g. Weak industry / business outlook whereby it is prudent in the eyes of the Board to conserve cash than payout dividend.

#### **5.5 Policy on utilization of retained earnings**

Retained earnings may be utilized for capital expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purposes or it can be distributed to the shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

#### **5.6 Parameters adopted with regard to various classes of shares**

##### **i) General**

- a. The factors and parameters for declaration of dividend to different classes of shares of the Company shall be in compliance with the existing laws, governing the dividend payout.
- b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- c. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

##### **ii) Dividend on Preference shares**

Preference shares shall be entitled to and paid dividend at a fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of Cumulative Preference shares, if the Company does not have distributable profits for any financial year or the Company is not able to pay the dividend, the dividend shall be accumulated and be paid later in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

The parameters mentioned in Clause 5.1 to Clause 5.5 shall not apply to determination and declaration of dividend on preference shares issued (if any) by the Company since the same will be as per the terms of issue of such preference shares.

### **iii) Dividend on Equity shares**

Equity shareholders shall be entitled to dividend, interim or final, if declared by the Board of Directors / Shareholders of the Company, as the case may be. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

At present, the issued and paid-up share capital of the Company comprises only equity shares.

## **6. Disclosure**

The Company shall make appropriate disclosures as required under the SEBI Regulations.

## **7. General**

**7.1** This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, the Securities and Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

**7.2** The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

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

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