

DIVIDEND DISTRIBUTION POLICY



JSW Holdings Limited
CIN: L67120MH2001PLC217751
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MAHARSHTRA

DIVIDEND DISTRIBUTION POLICY

PREFACE:

Title	Dividend Distribution policy
Version Number	1.00
Effective Date	08.05.2019
Authorised by	Board of Directors
Number of Revisions	Nil
Last Revised Date	N.A

Introduction

The Securities Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated July 08, 2016, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by the insertion of Regulation 43A, mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year, which shall be disclosed in its Annual Report and on its website.

Accordingly, the Board of Directors of the Company ("the Board") has approved this Dividend Distribution Policy of the Company ("the Policy") at its meeting held on May 08, 2019, which endeavors for a consistent approach to dividend pay-out plans, aid investors to match their investment objectives and to provide for long term capital appreciation for all stakeholders of the Company.

A. General Guidelines for Distribution of Dividend

- i.** 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.
- ii.** The Board shall not recommend dividend if there are circumstances which is unfavorable to the Company or that the Company has better opportunity in

reinvesting the funds.

The Board of Directors has the privilege of deciding whether there are unfavorable internal / external conditions and take necessary decisions.

- iii. If the Company proposes to declare dividend on the basis of parameters in addition to those covered in this Policy 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.
- iv. The dividend payout in any financial year, shall be subject to compliance of covenants with Lenders/Bond holders, if any.

B. 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 fund the investment activities.

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus funds and after taking into consideration relevant internal and external factors (enumerated in para D of this policy) for declaration of dividend.

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. In the event of loss or inadequacy of profit;
- ii. Adverse market conditions or regulatory constraints;
- iii. Proposal for buy-back of securities;
- iv. Specific need to conserve resources for investment within the JSW Group, as the company being a Core Investment Company.

C. Financial Parameters that shall be considered while declaring dividend

The amounts paid as dividends in the past will not be necessarily indicative of the dividend amounts, if any, that may be payable in future. The form, frequency and amount of future dividends shall be at the discretion of our Board and subject to the approval of our shareholders and will depend on various factors including but not limited to:

- Revenues
- Cash flows
- Financial condition (including capital position)
- Capital requirements
- Profit earned during the financial year
- Liquidity
- Future expansion plans
- Retained earnings v/s expected return from the business
- Adequate cash utilization opportunities.

The company being a CIC Company the dividend declaration will largely depend upon the dividends it receives from its investee Companies.

D. Internal and External Factors that shall be considered for Declaration of Dividend

External Factors:

- i. Macro-economic conditions.
- ii. Growth outlook.
- iii. Statutory/Regulatory Restrictions.
- iv. Practices adopted by Industry and Peer Group Companies.
- v. Covenants with Lenders/Bond holders.

Internal Factors:

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which *inter alia* will include:

- i. Profits earned during the year;
- ii. Present & future Capital requirements of the existing businesses -;
- iii. Business Acquisitions, Expansion/ Modernization of existing businesses – availability of external finance and relative cost of external funds;
- iv. Additional investments in subsidiaries/associates/joint ventures of the Company;
- v. Restrictions in loan agreement.
- vi. Any other factor as deemed fit by the Board.

E. Policy as to how the retained earnings shall be utilized

The retained earnings of the Company are expected to be used for investment opportunities in compliance with the conditions of the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 and other general corporate purposes.

F. Parameters that shall be adopted with regard to various Classes of Shares:

i. Dividend on Preference Shares:

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

The parameters mentioned at Clause A to E in this Policy shall not apply to determination and declaration of dividend on preference shares issued by the

Company, as the same will be as per the terms of issue of such preference shares.

ii. Dividend on Equity Shares:

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

G. Amendments

The Board may at any point of time amend, modify or review this Policy in whole or in part, as may be deemed necessary.

H. Disclosure

This Policy, as approved by the Board of Directors, at its meeting held on May 08, 2019 shall be disclosed in the Annual Reports and hosted on the website of the Company - www.jsw.in.