

Jindal Stainless (Hisar) Limited

DIVIDEND DISTRIBUTION POLICY



BACKGROUND OBJECTIVE AND SCOPE

The Securities Exchange Board of India (“SEBI”) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (“Regulations”).

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires **Top 500 Listed Companies** (by market capitalization) to formulate a **Dividend Distribution Policy**, which shall be disclosed in its Annual Report and on its website.

Jindal Stainless (Hisar) Limited (“Company”) is committed to ensure sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation for its investors. For this purpose, the Company needs to have in place a progressive and dynamic dividend policy, which can balance the twin objectives of creating shareholders wealth and the long term needs of the business.

In view of the above, the Board of Directors (“Board”) of the Company” has adopted the **DIVIDEND DISTRIBUTION POLICY**.

POLICY FOR DIFFERENT CLASSES OF SHARES

The holders of the equity shares of the Company, as on 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. In the event the Company issues in future, any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue. Equity dividend shall be paid after payment of dividend on preference shares including dividend on the cumulative preference shares for the previous years.

The Policy shall not apply to determination and declaration of dividend on preference shares, which are/may be issued by the Company, as the same will be as per the terms of issue approved by the shareholders.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY/MAY NOT EXPECT DIVIDEND

1. The dividend for any financial year shall ordinarily be paid out of the Company profits for that year in terms of the provisions of the Companies Act, 2013 ("the Act"). The Board will consider the following factors while determining the DIVIDEND:

A. FINANCIAL PARAMETERS AND INTERNAL FACTORS:

- ✓ Operating **Cash Flow of the Company**
- ✓ **Profit after Tax (PAT)** during the year and Earnings Per Share (EPS)
- ✓ Past dividend pay-out ratio / trends
- ✓ Additional investment in subsidiaries and associates of the company;
- ✓ Minimum cash required for contingencies or unforeseen events;
- ✓ Restrictions imposed under Loan Agreements/financing documents
- ✓ Any other factor as may be considered by the Board

B. EXTERNAL FACTORS:

- ✓ Industry Outlook and Economic environment
- ✓ Capital markets & Global conditions
- ✓ Statutory provisions and guidelines
- ✓ Dividend pay-out ratio of competitors
- ✓ Any political, tax and regulatory changes in the geographies in which the Company operates;
- ✓ Any changes in the competitive environment requiring significant investment.
 - Business cycles,
 - Cost of external financing,
 - Applicable taxes including tax on dividend,

2. The Shareholders of the Company **may not expect dividend** in the following circumstances,:

- In the event of loss or inadequacy of profit.
- Need for substantial funds for capital expenditure requirement;
- If prudent to reduce debt levels and maintain an optimum debt equity ratio;
- Non-receipt of the approval of the Lenders, if required;

DECLARATION & PAYMENT

The Board may declare one or more Interim Dividends and recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

IN CASE OF FINAL DIVIDEND

- i. The Board shall **recommend dividend to the Shareholders**, which shall be paid subject to approval of the Shareholders at Annual General Meeting of the Company.
- ii. Dividend shall be paid only **out of current profits or past profits** after providing for depreciation and setting off losses, if any.
- iii. The amount of the dividend shall be **deposited in a scheduled bank in separate account within 5 (five) days** from the declaration of dividend.
- iv. The payment of dividend shall be made **within 30 (thirty) days** from the date of declaration to the Shareholders entitled to receive the dividend on the record date as per the applicable law.

IN CASE OF INTERIM DIVIDEND

- i. Interim dividend, if any, shall be **declared** by the **Board**.
- ii. Before declaring Interim dividend, the Board shall **consider the financial position** that allows the payment of such dividend.
- iii. In case **no Final dividend** is declared at the Annual General Meeting, **Interim dividend** will **be considered** as the Final dividend of the Company.

UTILIZATION OF RETAINED EARNINGS

Retained earnings shall be utilized in accordance with prevailing regulatory requirements and any other specific purpose as approved by the Board of Directors of the Company.

The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders. The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure for increase in productivity/modernization;
- ii. Declaration of dividend;
- iii. Bonus shares;
- iv. Buy back of shares;
- v. Market expansion/diversification
- vi. General corporate purposes, including contingencies;

MODIFICATION OF THE POLICY/DEVIATION

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

If the dividend is declared in deviation of this Policy due to some extra-ordinary circumstances, the Board shall disclose such deviation along with the rationale in the Annual Report and on the website of the Company.



REVIEW & DISCLOSURE OF POLICY

The Board may review the Dividend Distribution Policy of the Company periodically.

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, www.jshlstainless.com.

CONFLICT IN POLICY

In the event of a conflict between this Policy and the existing statutory regulations, the statutory regulations will prevail.

DISCLAIMER

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's Equity Shares.
