

JSW Ispat Special Products Limited
(Formerly known as Monnet Ispat and Energy Limited)

DIVIDEND DISTRIBUTION POLICY

PREFACE:

Title	Dividend Distribution policy
Version Number	1.00
Effective Date	20 July 2021
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. No. SEBI/LAD-NRO/GN/2021/22 dated 5th May, 2021, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by the amendment in Regulation 43A, mandating the formulation of a Dividend Distribution Policy for the top 1000 listed entities based on their market capitalization 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 20 July 2021 which shall be followed in case of declaration of dividend, if any, by the Company.

Guiding Principles

This policy shall be guided by the regulatory frameworks, best practices and industry norms, including as mentioned below:

- a) The relevant provisions of the Companies Act, 2013 ('the Act'), the Income-tax Act, 1961 and the relevant notification rules, amendments, circulars from time to time.
- b) In all circumstances the provisions of the Act, Income-tax Act 1961 and any other Act, Regulations, Rules made thereunder, as amended by the Government of India (including Stock Exchanges, The Reserve Bank of India, Securities and Exchange Board of India or any other statutory authorities) from time to time, shall prevail over any other rule/ convention/ best practice and above this policy and the same shall be adhered to by the Company.
- c) The Policy would be subject to review and modification, if required, by the Board of Directors of the Company from time to time, to incorporate and/or amend the changes as may be necessary.

A. General Guidelines for Distribution of Dividend

- i.** The dividend (including interim dividend) payment, if recommended by the Board of Directors and declared by the Company, shall be in compliance with the applicable provisions of the Companies Act, 2013, rules prescribed thereunder and any amendments made thereto and the provisions other applicable laws, if any and provisions of this policy.
- ii.** The Board shall not recommend dividend if it is of the opinion that it is financially not prudent or viable to do so.
- 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.

B. Circumstances under which the Shareholders may or may not expect Dividend

The Board shall consider the factors mentioned below under point No. (C) and (D) before determination or recommendation of any dividend and after analyzing the prospective opportunities and threats, viability of the option of dividend payout or retention.

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. However efforts will be made to maintain a dividend payout (including dividend distribution tax and dividend on preference shares, if any) upto 15% of the consolidated net profits of the Company after tax, in any financial year, subject to compliance of covenants with Lenders and cash flow requirements of the Company.

The shareholders of the Company may not expect dividend recommendation 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.** Higher working capital requirements for business operations of the Company
- iv.** Prospective growth opportunities/threats/concerns of the Company;
- v.** Proposal for buy-back of securities;
- vi.** Specific need to conserve resources in view of any proposed large capital allocation for expansion and M&A activities.
- vii.** Such other circumstances where Board is of the opinion to not declare/ pay any Dividend.

The decision of dividend recommendation/payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

C. Financial Parameters that shall be considered while declaring dividend

The following financial parameters shall be considered before recommendation and declaration of dividend:

1. Income and profitability parameters:
2. Other Financial parameters:
 - I. Working capital requirements;
 - II. Cost of raising funds;
 - III. Reinvestment opportunities;
 - IV. Past Dividend Trends as also those declared by peers and other leading companies and investor expectations.

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

External Factors:

- i. Economic & Industry outlook.
- ii. Growth outlook.
- iii. Statutory/Regulatory Restrictions.
- iv. Covenants with Lenders/Bond holders.
- v. Other external factors beyond control of the management

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;
- iv. Expansion/ Modernization of existing businesses - availability of external finance and relative cost of external funds;
- v. Additional investments in subsidiaries/associates/joint ventures of the Company;
- vi. Restrictions in loan agreement.
- vii. Any other factor as deemed fit by the Board.

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

Retained Earnings may be utilised 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.

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, if recommended and declared, at the rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend, if declared.

ii. Dividend on Equity Shares:

Equity Shareholders shall be entitled for the dividend, interim or final, as the casemay be, if recommended and declared by the Board of Directors and/or the shareholders of the Company. Equity dividend shall stand second in priority after payment of dividend, if declared, 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 20 July 2021 shall be disclosed in the Annual Reports and hosted on the website of the Company.

I. Disclaimer

The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance regarding recommendation, declaration and payment of dividend.