

JAYASWAL NECO INDUSTRIES LIMITED

Dividend Distribution Policy

A: REGULATORY FRAMEWORK:

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, Jayaswal Neco Industries Limited (“the Company”) is required to formulate a Dividend Distribution Policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

Accordingly, the Board of Directors of the Company (the “Board”) in its meeting held on 30th June,2021 has approved this Dividend Distribution Policy (the “Policy”).

B: OBJECTIVE:

The objective of this Policy is to:

- a. specify the parameters (including internal and external factors) that shall be considered while declaring the dividend;
- b. lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- c. provide for the manner of utilization of retained earnings.

C: PARAMETERS/FACTORS CONSIDERED BY THE COMPANY WHILE DECLARING DIVIDEND:

The Board of Directors of the Company shall consider the following parameters before declaring or recommending dividend to the Shareholders:

1. Financial Parameters / Internal Factors:

- i) Profits earned during the year;
- ii) Present and future capital requirements of the business;
- iii) Company’s liquidity position and future cash flow needs;
- iv) Debt repayment schedules;
- v) Fund requirement for contingencies and unforeseen events with financial implications;
- vi) Leverage Decisions;
- vii) Expansion and modernization of existing business;
- viii) Any other factor as deemed fit by the Board.

2. External Factors:

- i) **Statutory requirements:** The Company shall observe the relevant statutory requirements including transfer of a certain portion of the profits to any specific reserve(s), as may be applicable to the Company at the time of taking a decision with regard to declaration/recommendation of Dividend or retention of profits.
- ii) **Contractual obligations:** The decision regarding dividend pay-out shall take into consideration the restrictions and covenants contained in the agreements as may be entered into by the Company with financial institutions / other lenders of the Company from time to time.

- iii) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.
- iv) Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution.
- v) Industry's average Dividend payout and shareholder's expectation.

D: CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The shareholder of the Company may not expect dividend in the below mentioned circumstances:

- i) The Company has incurred losses or in the stage of inadequacy of profits.
- ii) The Company does not have adequate amount of cash flow for distribution of dividend.
- iii) The Company have higher working capital requirement for business operations or otherwise.
- iv) The Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- v) Where other suitable means are available to reward the shareholders instead of dividend.
- vi) Such other circumstances where Board is of the opinion that dividend should not be declared/paid.

E: UTILIZATION OF RETAINED EARNINGS:

Retained earnings may be utilized by the Company for any of the following:

- i) General Corporate purposes;
- ii) For expansion and growth of business;
- iii) Payment of Dividend, Buy Back of Shares and Issue of Bonus Shares;
- iv) Meeting financial emergencies and other contingencies;
- v) Any other purpose as may be deemed proper by the Board of Directors.

F: PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

As on the date of this Policy, issued, subscribed and paid-up share capital of the Company consists of Equity Shares of face value of Rs. 10/- each. There is no other class of shares.

G: POLICY REVIEW:

The Board may review the Policy from time to time. The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

H: WEBSITE:

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company.