



**ADANI TRANSMISSION LIMITED**

**DIVIDEND DISTRIBUTION POLICY**

(Approved by the Board of Directors on 24<sup>th</sup> October, 2016)

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## 1. PHILOSOPHY

Adani Transmission Limited practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the shareholders' in the Company through various means. The Company firmly believes that driving growth creates maximum shareholder value.

## 2. OBJECTIVE

The objective of this Policy is to reward the shareholders of the Company by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for future growth of the Company. 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. Through this Policy, the Company would endeavour to maintain a consistent approach to Dividend pay-out plans.

## 3. REGULATORY FRAMEWORK

The Securities and Exchange Board of India ("SEBI") vide its Notification dated 8<sup>th</sup> July, 2016 has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies based on their market capitalization calculated as on the 31<sup>st</sup> day of March of every Financial Year to formulate a Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

The Company being one of the top five hundred listed companies as per the market capitalisation as on the last day of the immediately preceding Financial Year, frames this Policy to comply with the requirements of the SEBI Regulations.

## 4. DEFINITIONS

In this Policy, unless the context otherwise requires:

1. "**Act**" shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.
2. "**Applicable Laws**" shall mean the Companies Act, 2013 and the 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.



3. **"Board or Board of Directors"** shall mean the Board of Directors of the Company.
4. **"Company"** shall mean Adani Transmission Limited and wherever the context requires, shall signify the Company acting through its Board.
5. **"Dividend"** shall mean Dividend as defined under Companies Act, 2013.
6. **"Financial Year"** shall mean the period beginning from 1<sup>st</sup> April of every year to 31<sup>st</sup> March of the succeeding year.
7. **"Policy or this Policy"** shall mean this Dividend Distribution Policy and as may be amended from time to time.
8. **"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.

## 5. POLICY

The Company would endeavour to keep consistent Dividend payment track record except for reasons to be recorded.

The Dividend for each year would be recommended by the Board at its discretion taking into account the operating and financial performance of the Company after considering the advice of executive management including the CFO and other relevant factors. The Board may also declare interim Dividend at its discretion from time to time.

## 6. PROCEDURE

The Act provides for two types of Dividend – Final & Interim. The final Dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors shall have the power to recommend the final Dividend to the shareholders for their approval in the Annual General Meeting of the Company. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.



The Board of Directors shall have the absolute power to declare interim Dividend during the Financial Year, as and when they consider it fit. Before declaring interim Dividend, the Board shall consider the financial position of the Company that allows the payment of such Dividend. In case no final Dividend is declared, interim Dividend paid during the year, if any, will be regarded as final Dividend at the annual general meeting.

Pursuant to the provisions of Applicable Laws and this Policy, Interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing annual general meeting of the Company.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

**7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

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

- i. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- ii. Significant higher working capital requirements adversely impacting free cash flow.
- iii. Whenever it undertakes any acquisitions or restructuring or joint ventures requiring significant allocation or reduction of capital.
- iv. Whenever it proposes to utilise surplus cash for buy-back of securities or
- v. In the event of inadequacy of profits or whenever the Company has incurred losses.

**8. PARAMETERS FOR DECLARATION OF DIVIDEND**

- **Financial Parameters / Internal Factors :**

Subject to the provisions of the Act, Dividend shall be declared or paid only out of:

- (i) Current Financial Year's profit :



- a) After providing for depreciation in accordance with law;
  - b) After transferring to reserves such amount as may be prescribed under the Act or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) The profits for any previous Financial Year(s):
- a) After providing for depreciation in accordance with law;
  - b) Remaining undistributed; or
- (iii) Out of i) & ii) both

The Board of Directors of the Company would consider the following financial parameters / internal factors before declaring or recommending Dividend to shareholders:

- i. Profits earned during the year;
- ii. Capital expenditure requirements;
- iii. Past performance / Dividend history of the Company;
- iv. Resources required to fund acquisitions and / or new businesses;
- v. Cash flow required to meet operations & contingencies;
- vi. Cost of borrowings and outstanding borrowings;
- vii. Return on capital invested & post Dividend EPS;
- viii. Additional investments in subsidiaries / associates of the Company;
- ix. Any other factor as deemed fit by the Board.

- **External Factors :**

The Board of Directors of the Company would consider the following external factors before declaring or recommending Dividend to shareholders:

- i) State of Economy

In case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future contingencies.

- ii) Statutory Restrictions

Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including taxation.



## **9. UTILISATION OF RETAINED EARNINGS**

The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as Dividend after having due regard to the parameters laid down in this Policy.

## **10. PARAMETERS FOR DIVIDEND WITH REGARD TO VARIOUS CLASSES OF SHARES**

- i. Preference shareholders shall receive Dividend at the fixed rate as per the terms of allotment and shall stand in priority to the equity shareholders for payment of Dividend.
- ii. Equity shareholders shall be entitled for the Dividend, interim or final, if recommended by the Board of Directors and confirmed or approved by the shareholders of the Company, as the case may be. Equity Dividend shall stand second in priority after payment of Dividend to the Preference Shareholders, if any.

## **11. POLICY AMENDMENT / DEVIATION**

To the extent any change/amendment is required in Policy in terms of any Applicable Laws or otherwise, the Board of Directors of the Company shall be authorised to review and amend the Policy, to give effect to any such changes/amendments. Such amended Policy shall be placed before the Board for noting and necessary ratification at its subsequent meeting.

Declaration of Dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

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