

STERLITE POWER TRANSMISSION LIMITED

DIVIDEND DISTRIBUTION POLICY*

Owner:

Corporate Secretarial Department

Issue Date:

August 07, 2021

Version:

Dividend policy – 1.0

*The Policy, to the extent they are applicable to an un-listed public company, shall become applicable from the date of its approval by the Committee/Board, as the case may be. Post listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully applicable to the Company.

The Board of Directors (the “Board”) of Sterlite Power Transmission Limited has adopted the following policy on Dividend Distribution as required by Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as `Listing Regulations’) at its meeting held on August 07, 2021.

1. Objective

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. 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.;

2. Philosophy

The philosophy of the Company is to maximise the shareholders’ wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. The Company will endeavour to maintain a Dividend Pay-Out of around 20% of profits after tax (PAT) on Consolidated Financials basis.

3. Regulatory Framework

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

4. Definitions

4.1. Unless repugnant to the context:

4.1.1 “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

4.1.2 “Applicable Laws” shall mean the Companies Act, 2013 and 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.

4.1.3 “Company or Sterlite Power” shall mean Sterlite Power Transmission Limited.

4.1.4 “Board” or “Board of Directors” shall mean Board of Directors of the Company.

4.1.5 “Dividend” shall mean Dividend as defined under Companies Act, 2013.

4.1.6 “Policy or this Policy” shall mean the Dividend Distribution Policy.

4.1.7 “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.

4.2. Interpretation - Words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

5. Parameters for declaration of Dividend

5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

5.1.1 Financial Parameters / Internal Factors/External Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- a. Consolidated net operating profit after tax;
- b. Working capital requirements;
- c. Capital expenditure requirements;
- d. Resources required to fund acquisitions and / or new businesses;
- e. Cash flow required to meet contingencies;
- f. Outstanding borrowings;
- g. Past Dividend Trends;
- h. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- i. Dividend pay-out ratios of companies in the same industry;
- j. Economic Viability;

5.2 Circumstances under which the shareholders may or may not expect Dividend:

The Board shall consider the parameters / factors provided above before declaring any dividend payout after analysing the prospective opportunities and threats, viability of the options of dividend payout or retention, etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company. However, the shareholders of the Company may not expect Dividend under the following circumstances -

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- b. Significantly higher working capital requirements adversely impacting free cash flow;
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- d. Whenever it proposes to utilise surplus cash for buy-back of securities; or
- e. In the event of inadequacy of profits or whenever the Company has incurred losses. 5.3 Utilization of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5.4 Parameters adopted with regard to various classes of shares:

At present, the Share Capital of the Company comprises only of equity shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6 Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations.