

TORRENT POWER LIMITED

DIVIDEND DISTRIBUTION POLICY

BACKGROUND

Each company follows different methodology based on various parameters for deciding the quantum of profit to be distributed as dividend to the shareholders and the quantum of profit to be retained. Since the business considerations, the environmental factors and requirement of funds for the growth of any company differ based on the type of business, the scale of operations and the movement of business and economic cycles, each company follows a different policy for the distribution of profits.

To enable the shareholders to make reasonable estimate of quantum of dividend that they are likely to receive, it would be important for them to know and understand the parameters influencing the Company's decision making in the matter.

Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires top 1000 listed companies based on the market capitalization to frame and adopt a Dividend Distribution Policy. The Policy is also required to be disclosed on the website of the Company and a web-link shall also be provided in their annual reports

OBJECTIVE

The Board of Directors of the Company has formed broad guidelines for distribution of dividend, which have been disclosed in the Directors' Report. Now, as required by the Listing Regulations, the Board has formally framed and adopted this Dividend Distribution Policy.

The policy lays down the parameters and different circumstances that need to be considered by the Board at the time of taking decision for distribution and/ or retention of profits.

The Board meeting held on October 27, 2016, approved this Policy with immediate effect. The Policy has been further revised on May 20, 2021. Any subsequent amendment/ modification in the applicable statutes in this regard shall automatically apply to this Policy.

This policy shall be put up on the website of the Company.

DEFINITION

In the Policy, unless the context otherwise requires:

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“Applicable Laws” shall mean the Act, Listing Regulations and such other acts, rules or regulations which govern the distribution of Dividend; as amended from time to time.

“Board” or **“Board of Directors”** means the collective body of the Directors of the Company.

“Company” means Torrent Power Limited

“Dividend” means dividend on equity shares of the Company and includes interim dividend.

“Listing Regulations” means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time or any re-enactment thereof.

“Policy” means this Dividend Distribution Policy of the Company.

All the words and expression used in this Policy, unless defined in the Policy, shall have the same meaning respectively assigned to them under the Applicable Laws.

DIVIDEND POLICY

Subject to the compliance with Applicable Laws, the Company shall endeavor to distribute approximately 40% of its annual Consolidated Net Profit after Tax as dividend (including all applicable taxes on distribution of such dividend) considering sufficiency of stand-alone profits available for distribution of dividend in the relevant year. The Board may decide to declare/ recommend higher or lower dividend based on Growth opportunities of the Company; capital requirements for

ongoing, organic and inorganic growth opportunities, adequate liquidity for foreseeable future; debt obligations of the Company (repayments & interest). Distribution of dividend can be by way of Interim (in one or more tranches) and/ or Final Dividend.

In case of exceptional circumstances such as:

- a) Inadequacy of profits in any year;
- b) Absence of profit in any year;
- c) Any special circumstance or event, including those which are significantly impacting or likely to significantly impact the operations, working and profits of the Company; both, positively and negatively;

The Board may deviate from the aforesaid criteria, subject to compliance with the Applicable Laws and shall disclose such changes along with the rationale for the same in its Annual Report and on its Website.

Retained earnings shall be utilised for funding the Company's business and operations, meeting with investment requirements for organic and inorganic growth opportunities and such other purposes as may be deemed fit from time to time.

Payment of dividend for all other classes of shares shall be based on the respective rights attached to each class of shares as per the terms and conditions of their issue, subject to the Applicable Laws.

REVIEW OF THE POLICY

The Chairperson of the Company is authorised to give appropriate directions and / or make changes in the Policy for the purpose of resolving any doubts or difficulty that may arise in the implementation of the aforesaid Policy.

The Policy may be reviewed and revised from time to time by the Board.
