



Power Grid Corporation of India Limited
(A Government of India Enterprise)
CIN: L40101DL1989GOI038121

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DIVIDEND DISTRIBUTION POLICY

POWER GRID CORPORATION OF INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

Introduction

Power Grid Corporation of India Limited (hereinafter referred to as "POWERGRID" or "The Company", being one of the top five hundred listed companies as per the market capitalization as at 31st March, 2016 frames this policy to comply with the requirements of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Objective

To inform the Shareholders, the factors to be considered by the Company while deciding / recommending dividend for the Shareholders every year.

Statutory and Government guidelines

The Board of the Company shall comply with the following statutory and government guidelines and requirements while taking decision of a dividend payout.

- Companies Act 2013 and rules & regulations there under ("Act").
- Guidelines or directives issued by Government of India
- Any other law to the extent applicable

Financial parameters

- Financial performance for the year
- Distributable surplus available as per the "Act"
- Liquidity position

Internal and External factors that would be considered for declaration of dividend

- Capital expenditure requirements considering expansion and other opportunities
- Borrowing levels and the capacity to borrow
- Cost and availability of alternative source of financing
- Covenants of loan agreements
- Macroeconomic and business conditions
- Regulatory Norms
- Any other relevant factors that the Board may deem fit to consider before declaring dividend

Circumstances under which the shareholders of the Company may or may not expect dividend

The company has been consistently paying out dividends to its shareholders and is expected to continue in future as well unless the company is restrained to declare dividends due to financial and other internal and external factors as mentioned above. The Company would aim to strike a balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs.

Utilization of Retained Earnings

The Company's retained earnings shall be applied for

- Construction of transmission lines, sub-stations and other avenues contributing to the growth to the business and operations of the Company
- Issue of bonus shares or buy back of shares as per Government guidelines
- Any other purpose which the board may consider appropriate

Manner and Timelines for Dividend Payout

- Dividend for every financial year shall be decided by the Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy.
- Interim dividend(s), if any, may be declared by the Board in addition to Final Dividend.
- Subject to applicable laws, the payment of interim dividend shall be made within 30 days from the date of approval by the Board to the shareholders entitled to receive dividend on the record date.
- Recommendation for final dividend, 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 shareholders of the company.
- Subject to applicable laws, the payment of final dividend shall be made within 30 days from the date of approval by the members to the shareholders entitled to receive dividend on the record date.

Parameters to be adopted with regard to various classes of shares

As on date, the Company has issued only one class of equity shares. All the members of the Company on the record date are entitled to receive the same amount of dividend declared per share. The policy shall be revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Other Provisions

The Board of Directors of the Company has approved the Dividend Distribution Policy of the Company.

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The Board of Directors of the Company shall have the right to carry out any changes in the Policy, as it may deem appropriate.
