# JM FINANCIAL LIMITED
# POLICY FOR DIVIDEND DISTRIBUTION

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1. ***Introduction:***

   Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "**Listing Regulations**") requires top 1000 listed entities (based on the market capitalization at the end of every financial year) to formulate and disclose a Dividend Distribution Policy (the "**Policy**").

   Accordingly, the Dividend Distribution Policy has been formulated and adopted by the Board of Directors of JM Financial Limited (the "**Company**") on August 2, 2016 and has been reviewed and amended.

   The Policy shall become effective from the date of its adoption by the Board of Directors of the Company on August 2, 2016.

2. ***Policy – Objective and Considerations:***

   It is the Policy of the Board of Directors of the Company (hereinafter referred to as the "**Board**"), to reward the shareholders regularly by sharing a portion of profits earned by the Company by way of dividend, declaration of bonus shares, buy-back of shares, etc. at appropriate time by capitalising accumulated profits and permissible reserves of the Company.

   The Company is an operating cum holding company. It is a SEBI registered Category I Merchant Banker undertaking the business of capital markets, fund raising, mergers & acquisitions, advisory business, etc. The Company is also engaged in investment management business for Private Equity funds. Additionally, it also has investments in its subsidiaries. The subsidiaries of the Company are engaged in various businesses, namely, Non-Banking Financial Services, Asset Reconstruction, Equity Research, Equity Broking to Institutional and Non-Institutional Investors, Wealth Management Advisory, Depository Participant, Asset Management, etc.

   Thus, the overall performance of the Company is dependent on its own financial performance as well as the performance of its subsidiary companies and the decision of the Board of Directors of such subsidiaries to recommend/declare dividend out of the concerned company's profits.

   In the above background, the Board may consider recommendation/declaration of dividend based on the consolidated profits of the Company. Since the applicable regulations require the accounts to be prepared on the basis of consolidation of the performance of all operating businesses, it is easy to appreciate the earnings in totality and accordingly decide the quantum of dividend for shareholders.

   The Board will also consider retention of capital to maintain a healthy financial position to support liquidity, capital adequacy and/or future growth of the Company as well as its various subsidiary companies.

3. *Utilisation of Retained Earnings*

a. ***Financial Parameters that shall be considered while declaring dividend***

Being in the financial services industry, the Company follows the practice of sharing a part of its earnings with employees in the form of performance linked compensation. Accordingly, the earnings that are available for distribution to shareholders and other corporate needs are determined after the payment of performance linked compensation and corporate taxes.

The Board would consider dividend distribution on the basis of applicable provisions of the Companies Act, 2013 (the "**Act**") and their assessment of the need to retain resources for future growth of various businesses, capital adequacy and liquidity maintenance. The Board will endeavor to maintain a dividend pay-out in the range of 20% to 30% of consolidated profit after tax (PAT). This would be subject to the availability of standalone profit as per the applicable provisions of the Act.

The Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors. The Board may also consider paying a Special Dividend under certain circumstances such as extraordinary profits, if any, achieving a milestone in the journey of the Company, etc.

b. ***Internal & External Factors that shall be considered for declaration of dividend;***

- **Internal Factors**
  - Consolidated net operating profit after tax;
  - Retained Earnings;
  - Financial performance of the Company for the year for which dividend is recommended;
  - Any interim dividend declared;
  - Internal capital planning framework/policy;
  - Dividend payout trends - rate of dividend, EPS and payout ratio;
  - Tax implications if any, on distribution of dividends;
  - Cost of raising funds from alternate sources of capital;
  - Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates of the Company;
  - Such other factors and/or material events which the Board may consider.

- **External Factors**
  - Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
  - Dividend pay-out ratios of companies in the same industry;
  - Business cycles;
  - Prevailing inflation rate;
  - Industry outlook for the future years;
  - Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;

- Any changes in the competitive environment requiring significant investment.

c. ***The circumstances under which the shareholders may or may not expect dividend***

If for any year, there is inadequacy of profits, liquidity constraint in the economy and similar situations and there is a need to preserve resources based on these considerations and in this scenario if the Board is of the opinion that the Company should preserve its resources, it may recommend/declare a lower or no dividend. The Board may also decide to recommend/declare a lower or no dividend, in case, it has made a decision whereby the Shareholders have been rewarded by a corporate action such as issue of bonus shares, buy-back of shares, etc.

4. ***Frequency of Dividend Distribution:***

In normal course, the Board would consider one interim dividend in addition to final dividend for a financial year. The considerations applied for both types of dividend will be same as enumerated above. The interim dividend will be usually paid based on the financial performance of 6 to 9 months and final dividend based on the financial performance of the full year.

5. ***Parameters with regard to various classes of shares:***

The Company has only equity share capital as on date. If in future, the Company issues preference share capital and if dividend is declared by the Board, the preference share capital will have priority to receive dividend in accordance with the terms of its issue before any dividend is paid in respect of equity share capital in accordance with the applicable provisions of the Act and the Articles of Association of the Company.

6. ***Disclosure of this Policy:***

This Policy is available on the website of the Company and a web link thereto shall be provided in the Annual Report.

7. ***Amendment/Review:***

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes or arising out of any merger/amalgamation, from time to time.

In case any amendments, clarifications, circulars and guidelines as issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

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*This Policy was last reviewed by the Board of Directors at its meeting held on May 24, 2024*