



# **DIVIDEND DISTRIBUTION POLICY**

**JIO FINANCIAL SERVICES LIMITED**  
(formerly known as Reliance Strategic Investments Limited)



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## 1. INTRODUCTION

Jio Financial Services Limited (formerly Reliance Strategic Investments Limited) is committed to adhere to the highest standards of Corporate Governance and ensure greater transparency, objectivity and consistency in the distribution of dividends to its shareholders.

With this objective and in accordance with the Reserve Bank of India Guidelines for Declaration of dividends by NBFCs dated June 24, 2021 (Ref.No. DOR.ACC.REC.No.23/21.02.067/2021-22) (“RBI Guidelines”) and Chapter VIII of the Companies Act, 2013, the Company has accordingly adopted this policy known as “Dividend Policy” on July 20, 2021. This policy seeks to establish the size, pattern and other key objective criteria of the distribution of profits among its shareholders.

The Board of Directors (the “Board”) of Jio Financial Services Limited (the “Company”) at its meeting held on July 18, 2023 has modified and renamed it as “Dividend Distribution Policy” (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines/norms/clarifications or in any other applicable acts/regulations which may be at variance with any aspect of this policy, the stipulation in the Act/ Regulation will have an overriding effect to that extent.

## 2. OBJECTIVE

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

## 3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013, RBI Guidelines and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the



planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

#### **4. PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND**

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

- Profits earned during the financial year
- Retained Earnings
- Earnings outlook for next three to five years
- Expected future capital / liquidity requirements
- Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- Qualifications in the Auditors' Report to the financial statements
- Long term growth plans of the Company.
- Any other relevant factors and material events.

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

- Macro-economic environment – Significant changes in Macroeconomic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates
- Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.



## 5. ELIGIBILITY CRITERIA

The Company shall comply with the following minimum prudential requirements to be eligible to declare dividend as per RBI guidelines:

S. No.	Parameter	Requirement
1	Capital Adequacy	Meeting the applicable regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed.
2	Net NPA	Less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other Criteria	a) The Company shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. b) The Company shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. RBI shall not have placed any explicit restrictions on declaration of dividend.

## 6. QUANTUM OF DIVIDEND PAYABLE

The Company post meeting the eligibility criteria as defined in this policy, may pay dividend subject to following ceiling on Dividend Payout Ratio:

Scenarios	Maximum Dividend Payout Ratio (percentage)
If the Company does not accept public funds and does not have any customer interface	No ceiling
For all other scenarios	50%

- The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.
- In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of



net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

- If the Company does not meet norms 1 and 2 of Eligibility Criteria for each of the last three financial years, it may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided the Company complies with the following conditions:
  - ✓ meets the applicable capital adequacy requirement in the financial year for which it proposes to pay dividend; and
  - ✓ has net NPA of less than 4 per cent as at the close of the financial year.

## 7. REPORTING SYSTEM

The Company shall report details of dividend declared during the financial year as per the format prescribed in **Annexure I**. The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank exercising jurisdiction.

## 8. UTILISATION OF RETAINED EARNINGS

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

## 9. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

## 10. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.



## 11. AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.



**Annexure I**  
**Reporting Format**

**Details of dividend declared during the financial year**

**Name of the NBFC: \_\_\_\_\_**

<b>Accounting Period*</b>	<b>Net profit for the accounting period (₹ crore)</b>	<b>Rate of dividend (percent)</b>	<b>Amount of dividend (₹ crore)</b>	<b>Dividend Pay out ratio (percent)</b>

\*quarter or half year or year ended.....as the case may be

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