# INOX CLEAN ENERGY LIMITED

## DIVIDEND DISTRIBUTION POLICY

### 1. Preface

The Board of Directors ("Board") of Inox Clean Energy Limited ("Company") has adopted this Dividend Distribution Policy ("Policy") in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This Policy will regulate the process of declaration of Dividend as per the provisions of the Companies Act, 2013 ("Act") read with the relevant Rules made thereunder and also the internal policy of the Company for utilisation of retained earnings for future growth of the Company.

### 2. Objective of the Policy

The objective of this Policy is to define the procedure, parameters and the factors which the Board may consider at the time of taking the decision for declaration of Interim Dividend or recommendation of Final Dividend and to maintain a balance between appropriately rewarding its Members with cash Dividend and the amount of Profit to be retained for the further growth of the Company.

Any deviation from this Policy, when deemed necessary in the interests of the Company, along with the rationale for such deviation, will be disclosed in the Annual Report by the Board.

### 3. Definitions

**"Act"** means The Companies Act, 2013.

**"Articles of Association"** means Articles of Association of the Company.

**"Board"** means the Board of Directors of the Company.

**"Company"** means Inox Clean Energy Limited ("**ICEL**").

**"Dividend"** includes Interim and Final Dividend.

**"Financial Year"** means the period starting on 1st day of April and ending on the 31st day of March every year in respect whereof Financial Statements of the Company are made up.

**"Financial Statements"** include:

*(i)* Balance Sheet as at the end of the Financial Year;
*(ii)* Profit and Loss Account for the Financial Year;
*(iii)* Cash Flow Statement for the Financial Year;

**"Free Reserves**" means such Reserves which, as per the latest audited Balance Sheet of the Company, are available for distribution as Dividend.

**"Member"** in relation to a Company means every person holding shares of the Company and whose name is entered as a Beneficial Owner in the records of a Depository or Register of Members of the Company.

**"Paid-up Share Capital" or "Share Capital Paid-up"** means such aggregate amount of money credited as paid-up in respect of shares of the Company.

**"Profit"** means Profit for the Financial Year arrived at after providing for Depreciation in accordance with Schedule II to the Act.

"**Rules**" mean The Companies (Declaration and Payment of Dividend) Rules, 2014.

**"Share"** means a share in the Share Capital of the Company.

## 4. Category of Dividend

The Act provides for two categories of Dividend viz. Interim and Final.

### a) Interim Dividend

The Interim Dividend can be declared by the Board one or more times during any Financial Year at its complete discretion in line with this Policy.

**Process for approval of Payment of Interim Dividend**

The Board may declare and pay Interim Dividend for any Financial Year in line with this Policy, out of surplus in the Profit and Loss Account and out of Profits of the Financial Year based on its quarterly or half yearly Standalone Financial Statements for the period for which such Interim Dividend is sought to be declared.

### b) Final Dividend

The Board may recommend Final Dividend for any Financial Year out of surplus in the Profit and Loss Account of the Financial Year based on its Annual Standalone Financial Statements to be approved by the Members at its General Meeting. The Final Dividend can be paid after approval of the Members at the General Meeting.

**Process for approval of Payment of Final Dividend**

The Board may recommend Final Dividend for any Financial Year in line with this Policy, out of the Profits for the Financial Year arrived at after providing for depreciation in accordance with Schedule II to the Act or out of Profit of any previous Financial Year/s after providing for depreciation in accordance with Schedule II to the Act and remaining undistributed or out of both.

## 5. Circumstances under which the Members of the Company may or may not expect Dividend

Members may expect Dividend in case the Company has adequate Profit for distribution of Dividend and the Dividend is recommended or declared by the Board in terms of this Policy.

Members may not expect Dividend under following circumstances:

- The Company has no Profit or inadequate Profit; and
- The Company has Profit but the Board decides to retain its Profit for future growth.

## 6. Factors and Parameters to be considered by the Board

The decision of the Board regarding recommendation and /or declaration of Dividend is a crucial one as it determines the amount of Profit to be distributed amongst the Members and the amount of Profit to be retained for its future growth. However, the Board will take this decision based on the following factors and financial parameters:

**Internal Factors**

- Profits available during any Financial Year;
- Present and future capital requirements of the Company;
- Long term strategies of the Group and its capital requirements;
- Covenants and restriction, if any, in the agreements with the lenders of the Company from time to time;
- Brand / Business acquisition prospects being considered or likely to be considered;
- Capital expenditure planned or likely to be planned for its existing businesses;
- Board's opinion about sustainability of the Profit of the Company;
- Any other factor as deemed fit by the Board.

**External Factors**

- Any adverse Economic situations in the Country and across the Globe;
- Capital Market Legislation;
- Money market conditions;
- Changes in Tax Laws from time to time;
- Changes in Government Policies;
- Changes and outlook in market, prices, demand and supply position of the principal products of the Company.

**Financial Parameters**

- Profit earned during the Financial Year, and expected to be earned in the foreseeable future;
- Overall financial condition of the Company and its cash flow position;
- Estimated volatility of future earnings;
- The cost of fund raised externally.

## 7. Dividend Pay-out

The Company will endeavor to distribute appropriate level of its Profits earned out of its business activities in form of Dividend to its Members after taking into account, the factors and financial parameters enumerated in this Policy.

## 8. Retained Earnings Utilisation

Considering the factors and financial parameters above, the Board may at its discretion choose to retain Profits of the Company to be used for:

- Company's Investment needs for future growth;
- Building of Net Worth of the Company by creating Reserves;
- Issue of Bonus Shares; or
- Future Dividend pay-outs.

## 9. This Policy shall not apply to:

- Determination and declaring Dividend on Preference shares, if any, as the same will be as per the terms approved by the Shareholders at the time of Issue of Preference Shares.
- Utilization of Profits of the Company for Issue of Bonus Shares to the Shareholders of the Company.
- Distribution of cash for the Buyback of Equity shares of the Company.

## 10. Provisions in regard to various class of shares

The Company has presently only one class of shares i.e. Equity Shares. If and when the Company issues any other class of shares, this Policy will be modified accordingly.

## 11. Communication of this Policy

This Policy shall be posted on the website of the Company and published in the Annual Report of the Company as required under the Listing Regulations.

## 12. Amendment

The Board or any its Committee duly authorized shall have the right to amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or any its Committee in this respect shall be final and binding. However, in case of any change in the Policy, such changes along with the rationale for the same shall be disclosed in the Annual Report of the Company and the same shall also be put up on the Company's website.