



# **Insolation Energy Limited Dividend Distribution Policy**

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**1. BACKGROUND AND APPLICABILITY**

Regulation 43(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") as amended, requires the top 1000 listed entities based on market capitalization shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The Company being one of the top one thousand listed companies as per the market capitalization as on the last day of the immediately preceding Financial Year, frames this Policy to comply with the requirements of the Listing Regulations.

The Board of Directors ("Board") of Insolation Energy Limited ("Company") has adopted this Dividend Distribution Policy to comply with these requirements. The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

**2. PHILOSOPHY/OBJECTIVE**

The Dividend Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth. The objective of this Policy is to reward the shareholders of the Company by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for future growth of the Company. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time. Through this Policy, the Company would endeavour to maintain a consistent approach to Dividend pay-out plans.

**3. DEFINITIONS**

**"Act"** shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.

**"Applicable Laws"** shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

**"Board or Board of Directors"** shall mean the Board of Directors of the Company.

**"Company"** shall mean Insolation Energy Limited and wherever the context requires, shall signify the Company acting through its Board.

**"Dividend"** shall mean Dividend as defined under Companies Act, 2013.

**"Financial Year"** shall mean the period beginning from 1<sup>st</sup> April of every year to 31<sup>st</sup> March of the succeeding year

**"Policy or this Policy"** shall mean this Dividend Distribution Policy and as may be amended from time to time.

**"SEBI Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

#### 4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED ENTITIES MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may or may not expect Dividend under the following circumstances:

- (i) Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- (ii) Significant higher working capital requirements adversely impacting free cash flow.
- (iii) Whenever it undertakes any acquisitions or restructuring or joint ventures requiring significant allocation or reduction of capital.
- (iv) Whenever it proposes to utilise surplus cash for buy-back of securities or
- (v) In the event of inadequacy of profits or whenever the Company has incurred losses.

#### 5. PARAMETERS FOR DECLARATION OF DIVIDEND

In line with the philosophy stated above, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

##### FINANCIAL PARAMETERS / INTERNAL FACTORS:

Subject to the provisions of the Act, Dividend shall be declared or paid only out of:

- (i) Current Financial Year's Profit:
  - a) After providing for depreciation in accordance with law;
  - b) After transferring to reserves such amount as may be prescribed under the Act or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) The profits for any previous Financial Year(s):
  - a) After providing for depreciation in accordance with law;
  - b) Remaining undistributed ; or
- (iii) Out of (i) or (ii) both

The Board of Directors of the Company would consider the following financial parameters / internal factors before declaring or recommending Dividend to shareholders:

- (i) Profit earned during the year;
- (ii) Capital expenditure requirements;
- (iii) Past performance /Dividend history of the Company;
- (iv) Resources required to fund acquisitions and /or new businesses;
- (v) Cash Flow required to meet operations & contingencies;
- (vi) Cost of borrowings and outstanding borrowings;
- (vii) Return or Capital invested & post dividend EPS;
- (viii) Additional investments in Subsidiaries / Associates of the Company;
- (ix) Any other factor as deemed fit by the Board.

##### EXTERNAL FACTORS:

The Board of Directors of the Company would consider the following external factors before declaring or recommending Dividend to Shareholders:

(i) State of Economy

In case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future contingencies.

(ii) Statutory Restrictions

Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable laws including taxations.

**6. UTILISATION OF RETAINED EARNINGS**

The profits earned by the Company can either be retained in the business and used for acquisitions, expansion or diversification, or it can be distributed to shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend after having due regard to the parameters laid down in this policy.

**7. PARAMETERS FOR DIVIDEND WITH REGARD TO VARIOUS CLASSES OF SHARES**

Equity shareholders shall be entitled for the dividend, interim or final, if recommended by the Board of Directors and confirmed or approved by the shareholders of the Company, as the case may be.

**8. POLICY AMENDMENT**

The Board of Directors of the Company shall make such alterations to this Policy as and when necessitated or as deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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