



Clean Max Enviro Energy Solutions Private Limited
Dividend Distribution Policy

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

The debt securities i.e., Non-Convertible Debentures (NCDs) of **Clean Max Enviro Energy Solutions Private Limited** (the 'Company') are listed on BSE Limited.

As per Regulation 43A of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**), as amended from time to time, top 1000 listed companies based on the market capitalization are required to frame and adopt a dividend distribution policy. However, the listed entities other than those specified under sub-regulation (1) of regulation 43A may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports.

Given that the Company does not fall under the category, the disclosure of the dividend distribution policy on its website is not a mandatory requirement for the Company and the provisions of the Listing regulations are not applicable.

However, this policy is being adopted pursuant to the SSA, and AOA of the Company. Accordingly, the Board of Directors of the Company have approved disclosure of this Policy of the Company at its meeting held on 12 November 2024 & this policy is applicable to all its direct and indirect subsidiaries.

OBJECTIVE

The objective of the Policy is to reward shareholders by sharing a portion of the available profits, after ensuring that sufficient funds are retained for the future business requirements of the Company. The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans. The Company believes that it operates in the fast-growing segment which is expected to witness new developments and offer investment opportunities, therefore the retention of surplus funds for future growth will equally be important as that of distribution of surplus by way of dividend to shareholders.

Any subsequent amendment/ modification in the applicable statutes in this regard shall automatically apply to this Policy.

This Policy shall be put up on the website of the Company.

DEFINITION

- a. 'Act' means the Companies Act, 2013 and rules made thereunder, including any amendments or modifications thereof.
- b. 'Board of Directors' or 'Board' means the collective body of the Directors of the Company.
- c. 'Company' mean 'Clean Max Enviro Energy Solutions Private Limited'.

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- d. 'Policy' means, this 'Dividend Distribution Policy'.
- e. AOA' means the articles of association of the Company.
- f. SSA means Securities Subscription Agreement dated April 22, 2023, as amended by an amendment agreement dated May 04, 2023, entered into by and amongst the Company, Mr. Kuldeep Jain and BGTF One Holdings (DIFC) Limited.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Company shall comply with the relevant statutory requirements that are applicable to the Company and the provisions of the AOA in declaring dividends or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of management and other various internal and external factors, including but not limited to the following:

1. Profits earned during the financial year;
2. Accumulated retained earnings;
3. Profit available for distribution
4. Earnings Per Share (EPS)
5. Stability of earnings – Cash flow from operations;
6. Future growth plans and investment opportunities (including investment requirements for the Company and its subsidiaries, Acquisition of business, expansion, and growth)
7. Adequate cash utilization opportunities;
8. Industry outlook;
9. Liquidity and return ratios;
10. Working capital requirements
11. Cost and availability of alternative sources of financing
12. Capital expenditure requirement.
13. Stipulations/ Covenants of loan agreements
14. Minimum cash required for contingencies or unforeseen events;
15. Overall economic / regulatory environment;
16. Contingent liabilities;
17. Past dividend trends;
18. Accumulated reserves
19. Retained earnings.
20. Macro-economic environment affecting the businesses in which the Company is engaged in the geographies in which the Company operates;
21. Regulatory changes such as introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged;
22. Dividend payout Ratio of competitors
23. Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged;
24. Any other contingency plans;
25. Buyback of shares or any such alternate profit distribution measure; and
26. Any other relevant factors and material events.
27. Compliance with financing documents, restricted payment conditions, Income Tax Act etc.

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

The Company has different classes of shares. This Policy is applicable only for equity class of shares.

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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.

INTERIM AND FINAL DIVIDEND

The Board may declare one or more Interim Dividends during the year which shall be in compliance with this Policy. This would be in order to supplement the annual dividend or in exceptional situations. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

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 and Listing Regulations.

The Board of Directors, while determining the dividend to be declared or recommended, will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors and declare Dividend in any financial year. Dividend for any financial year shall generally be paid once a year, out of net profit earned during the said year. However, the Board may at its discretion, declare interim dividend and may also declare dividend out of retained earnings.

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 due to circumstances or factors such as adverse market conditions, business uncertainty, inadequacy of profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, regulatory / market exigencies, changing regulations, etc. The Board of Directors will provide rationale in the Annual Report.

QUANTUM AND MANNER OF DIVIDEND PAYOUT

Under the applicable provisions of the Act, the Company's ability to declare and pay dividends is based on the standalone financial statements only. In future should the regulations be amended permitting the Company to pay dividend based on its Consolidated Profits, the Board would consider such a payout ratio on its Consolidated Profits. Till such time, the Company will endeavour to have a policy on dividend distribution with a similar payout ratio across its subsidiaries and to the extent possible, in its joint ventures after discussions with its partners.

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the Annual General Meeting of the Company.

Distributions from subsidiaries to parent company may be done, subject to any other consents that may be applicable as per the regulations, and provided that no distributions are being made in a manner which is not in line with the economic interest held by the parent in such subsidiary.

GENERAL

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. Retained earnings will be utilized for the Company's growth plans, expected capital adequacy / liquidity requirements, debt repayments, generating higher returns for the shareholders and other contingencies, as approved by the Board of Directors.

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CONFLICT IN POLICY

There arises no conflict between this Policy and the provisions contained in the Listing Regulations. If at all any conflict arises going forward then the Listing Regulations shall prevail over this Policy.

AMENDMENTS

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

DISCLAIMER

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

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