Orient Green Power Company Limited

DIVIDEND DISTRIBUTION POLICY

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PREAMBLE

The Board of Directors (the "Board") of Orient Green Power Company Limited (the "Company"), has adopted this Dividend Distribution Policy ("Policy") in accordance with the requirements prescribed under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations"). The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to its shareholders.

As part of its responsibilities, the Company is required to disclose this Policy in its annual report as well as on its website.

Accordingly, the Board of Directors of the Company at its meeting held on *May 20,* 2022, approved and adopted the Policy.

SCOPE

This Policy applies to payment of interim and final dividend by the Company to its shareholders.

OBJECTIVE

The objective of the Policy is to set guidelines as to return to the shareholders that cash, which in the opinion of the board, is in excess to the short and medium term cash requirements and facilitate the process of dividend recommendation or declaration and its pay-out by the company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the company. Towards this end, the Policy lays down the parameters to be considered by the Board for declaration of dividend from time to time which are as follows:

a) the circumstances under which the shareholders of the Company may or may not expect dividend;
b) the financial parameters that are considered by the Company for declaration of dividend;
c) internal and external factors that shall be considered for declaration of dividend;
d) policy as to how the retained earnings shall be utilized by the Company; and
e) parameters that shall be adopted with regard to various classes of shares of the Company.

DECLARATION OF DIVIDEND

The Board reserves the right to declare interim dividend/ final recommend dividends to the shareholders during any financial year out of the surplus in the statement of profit and loss and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 2013 and the rules made thereunder ("Act"), including the Companies (Declaration and Payment of Dividend) Rules, 2014 ("Rules") and other applicable laws and conditions.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS CAN EXPECT DIVIDEND

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

2. The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve reserves for the then ongoing or planned business expansion or other factors which may be considered by the Board, including the situation where earnings are greater than what is needed to finance for capital budgeting needs of the Company (including its Subsidiaries) as projected in the annual operating plan for each year.

3. The Board may declare one or more interim dividends during the year. Additionally, the Board may recommend final dividend for the approval of the shareholders at the annual general meeting.

4. The Dividend for any financial year shall normally be paid:

- out of the Company's profits for that year (arrived at after providing for depreciation in accordance with applicable law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of the Company); and / or/
- out of accumulated profits of any previous financial year(s) in accordance with

provisions of the Companies Act, 2013, Rules, Listing Regulations and any other applicable law, as applicable.

5. In the event of inadequacy or absence of profits in any year, if the Board considers appropriate, the Company may declare dividends out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves subject to the fulfilment of the conditions laid down in Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014 and any other applicable law.

FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

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

(a) Investment opportunities, ie, opportunities for expansion and diversification into new projects, acquisitions and/or any other potential strategic actions that may help the Company grow;

(b) Liquidity position of the Company;

(c) Growth in earnings of the Company;

(d) Restrictions in debt agreements executed with lenders in relation to the payment of dividends;

(e) Track record of payment of dividend, historically;

(f) Dividend pay-out policies adopted by peers;

(g) Contingency requirements;

(h) State of the economy and nature of industry;

(i) Macro-economic and business conditions in general; and

(j) Any other factors that may be considered by the Board as relevant before declaring dividend.

2. These internal and external factors are described in more detail below:

Internal Factors

1	Liquidity	In order to pay dividends, the Company will require access to cash. Even in the event that the Company is profitable, payment of dividend would be difficult if resources are tied up in other forms of assets or commitments.
2	Repayment of debt	Dividend pay-out would depend upon debt repayment schedule, agreed upon by the Company with its creditors / lenders.
3	Stability of profits	With a stable profit, it is more likely that dividend pay-out will be at a higher percentage of earnings.
4	Project finance	The Company may use retained earnings to finance new projects, expansion programs, acquisitions and/or any other potential strategic actions, without raising external finances.

External Factors

1	Access to capital market	The access to capital markets would be easier, when the Company declares more dividends rather than retain earnings.
2	Legal consideration	Prevailing legal requirements, tax rules, Government policies and statutory conditions or restrictions as may be provided under applicable laws.

3	Market expectation	The declaration of dividends and its quantum may have a positive impact on the market prices.
4	Peers	Dividend pay-out policies adopted by peers or companies similarly placed in the industry.
5	Tax considerations	Dividend pay-out may be impacted by change in applicable taxation laws.
6	Inflation	The Company may also take into account the rate of inflation when declaration of dividend.
7	Restrictive Covenants	The company may enter into agreements where the counter party may insist restriction on declaration of dividend during the tenure of such agreement.

3. **Financial** parameters **that will be considered while declaring dividends:**

While the Company has various financing alternatives, retained earnings can be a source of finance for creating profitable investment opportunities. The Company, therefore, may consider retaining funds from the profits incurred by the Company for the purpose of funding acquisitions, reducing long-term debt, expand its business and product development. Apart from the aforementioned factors, the Board may also consider the following financial parameters:

- **Long term financing decision:**

Apart from the capital expenditure and investment plans envisaged in the annual operating plan envisaged by the Company, in the event that the Company does not intend to invest funds into a profitable investment opportunity, the Company may declare dividend.

- **Arbitrage between the retained earnings and external equity:**

The Company raises funds by way of external equity financing that involves floatation costs. In comparison, earnings that are retained to make payments towards operational costs or investment opportunities do not involve floatation costs.

Thus, the Board may decide to retain its earnings as part of its long –term financing decision so as to achieve the objective of wealth maximization for its shareholders.

The Company operates on the basic principle that earnings retention must, in the long run, deliver more than INR 1 (Indian Rupee one) in market value to its shareholders for each INR 1 (Indian Rupee one) that it retains.

When the internal return rate of the Company is greater than the return required by its shareholders, it would be advantageous for the shareholders to re-invest their earnings.

UTILISATION OF RETAINED EARNINGS

The Company maintains sufficient amount of retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and reduction of capital, and unanticipated and emergency expenditures. The Company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations and any other applicable law.

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

The Company currently has issued equity shares only.

CONFLICT IN POLICY

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

AMENDMENTS

The Board may, subject to applicable law, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board and/ or administrative committee of the Board, in line with the broad intent of this Policy, as and when required.

DISCLAIMER

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

Policy Framed: May 20, 2022