

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

The securities of **Clean Max Enviro Energy Solutions Limited** ("**Company**") are proposed to be listed on National Stock Exchange of India Limited and BSE Limited.

As per Regulation 43A of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), as amended from time to time, the top 1000 (thousand) listed companies based on the market capitalization are required to frame and adopt a dividend distribution policy. However, the listed companies other than those specified under sub-regulation (I) 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.

In this regard, the Company has adopted this Dividend Distribution Policy ("**Policy**"), which has been approved by the board of directors ("**Board**") at its meeting held on 14 August 2025.

This Policy shall come into force with effect from the date on which the Board approves this Policy.

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013 ("**Companies Act**") read with applicable rules framed thereunder, as may be in force for the time being, and in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Companies Act read with the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI Listing Regulations, such other Applicable Laws and the articles of association of the Company, as amended from time to time.

OBJECTIVE

The objective of this 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 this Policy is to broadly specify the external and internal factors, including the 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.

This 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 shall refer to this Policy while declaring/recommending dividends on behalf of the Company. Through this Policy, the Company shall 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 shall be equally important as the distribution of the surplus by way of dividends to shareholders.

Any subsequent amendment/modification in applicable laws 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. **“Applicable Laws”** means the Companies Act, the SEBI Listing Regulations, together with the circulars issued thereunder; and such other act, rules or regulations which deals with the distribution of Dividend.
- c. **“AOA”** means the articles of association of the Company.
- d. **“Board of Directors”** or **“Board”** means the collective body of the directors of the Company.
- e. **“Companies Act”** means the Companies Act, 2013 and rules made thereunder, including any amendments or modifications thereof.
- f. **“Company”** means ‘Clean Max Enviro Energy Solutions Limited’.
- g. **“Dividend”** includes interim Dividend.
- h. **“Policy”** means this ‘Dividend Distribution Policy’.

Words and expressions used and not defined in this Dividend Distribution Policy shall have the same meaning ascribed to them in the Companies Act, the Companies (Declaration and Payment of Dividend) Rules, 2014, the Securities and Exchange Board of India Act, 1992, SEBI Listing Regulations, and/or any other applicable law or regulation to the extent applicable to the Company, as amended from time to time.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING/DECLARING DIVIDEND

The Board while declaring or recommending Dividend to the shareholders, shall consider the following financial/internal and external factors:

Financial/Internal Factors:

- (i) Profits earned and available for distribution during the financial year;
- (ii) Accumulated reserves, including retained earnings;
- (iii) Mandatory transfer of profits earned to specific reserves, such as debenture redemption reserve, etc.;
- (iv) Past Dividend trends – rate of Dividend, EPS and pay-out ratio, etc.;
- (v) Earning stability;
- (vi) Future capital expenditure requirement of the Company;
- (vii) Growth plans, both organic and inorganic;
- (viii) Capital restructuring, debt reduction, capitalisation of shares;
- (ix) Crystallization of contingent liabilities of the Company;
- (x) Profit earned under the consolidated financial statement;
- (xi) Cash flows;
- (xii) Current and projected cash balance and Company’s working capital requirements; and
- (xiii) Covenants in loan agreements, debt servicing obligations and debt maturity profile.

External Factors:

- (i) Economic environment, both domestic and global;
- (ii) Unfavorable market conditions;

- (iii) Changes in government policies and regulatory provisions;
- (iv) Cost of raising funds from alternate sources;
- (v) Inflation rates;
- (vi) Sense of shareholders' expectations; and
- (vii) Cost of external financing.

Parameters adopted with regard to various classes of shares

i) General

- a. The factors and parameters for declaration of dividend to different classes of shares of the Company shall be in compliance with the existing laws, governing the dividend payout.
- b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- c. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

ii) Dividend on Preference shares

Preference shares shall be entitled to and paid dividend at a fixed rate as per the terms of issue and shall stand in priority to equity shareholders for payment of dividend. In case of Cumulative Preference shares, if the Company does not have distributable profits for any financial year or the Company is not able to pay the dividend, the dividend shall be accumulated and be paid later in accordance with the terms of issue and subject to the provisions of the Companies Act, 2013.

iii) Dividend on Equity shares

Equity shareholders shall be entitled to dividend, interim or final, if declared by the Board of Directors / Shareholders of the Company, as the case may be. Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

At present, the issued and paid-up share capital of the Company comprises only equity shares

INTERIM AND FINAL DIVIDEND

The Company may, subject to its AOA, pay Dividends in proportion to the amount paid-up on each share. The Companies Act provides for two forms of Dividend - final and interim. The Board shall have the power to recommend final Dividend to the shareholders for their approval in the general meeting of the Company. The Board shall have the absolute power to declare interim dividend during the financial year, as and when it deems fit, subject to Applicable Laws.

UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

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- (i) Long term strategic plans, including inorganic opportunities;
- (ii) Augmentation or replacement of technology or physical infrastructure or other assets;
- (iii) Market expansion or diversification of business;
- (iv) Product expansion plan;
- (v) Investment in platforms, intellectual property, accelerators and other research & development projects to improve its capability and market share;
- (vi) Balancing the capital structure of the Company;
- (vii) Payment of Dividend or issue of bonus shares; and
- (viii) Other such criteria as the Board may deem fit from time to time.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board, while declaring or recommending Dividend shall ensure compliance with statutory requirements under applicable laws, including the provisions of the Companies Act and SEBI Listing Regulations.

The Board, while determining the Dividend to be declared or recommended, shall 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.

Subject to the discretion of the Board, the shareholders of the Company may not expect Dividend in the following circumstances:

- (i) The Company has inadequacy of profits or incurs losses for the financial year;
- (ii) The Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- (iii) The Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- (iv) The Company has significantly higher working capital requirement affecting free cash flow;
- (v) The Company faces adverse market conditions and business uncertainty;
- (vi) The Company proposes to utilize surplus cash for buy- back of securities; or
- (vii) The Company is prohibited to recommend/declare Dividend by any regulatory body.

QUANTUM AND MANNER OF DIVIDEND PAY-OUT

Under the applicable provisions of the Companies Act, the Company's ability to declare and pay Dividends is based on the standalone financial statements. If the extant regulations are amended to permit the Company to pay Dividend based on its consolidated profits, the Board would then consider such a pay-out ratio on its consolidated profits. Till such time, the Company will endeavor to have a policy on dividend distribution with a similar pay-out ratio across its subsidiaries and to the extent permitted under applicable law, in its joint ventures after discussions with its partners.

The Board shall have the power to recommend final Dividend to the shareholders for their approval in the annual general meeting of the Company.

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

DISCLOSURE

This Policy shall be disclosed in the annual report and on the website of the Company i.e., <https://www.cleanmax.com/>

CONFLICT IN POLICY

There is no conflict between this Policy and the provisions contained in the Applicable Laws. If at all any conflict arises, then the Applicable Laws shall prevail over this Policy.

POLICY REVIEW AND AMENDMENTS:

This Policy shall be reviewed periodically by the Board. The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable Laws and/or regulations or as deemed fit on a review.

DISCLAIMER

This 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 this Policy does not in any way restrict the right of the Board to use its discretion with respect to the recommendation on the Dividend to be distributed in a given year and the Board reserves the right to depart from this Policy as and when required.

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