INDRAPRASTHA GAS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. **Preamble**

The Board of Directors ("**Board**") of Indraprastha Gas Limited ("**IGL**" or "**Company**") has approved and adopted this Dividend Distribution Policy ("**Policy**").

2. **Background**

The Securities and Exchange Board of India ("**SEBI**") has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") by inserting Regulation 43A vide notification dated 8 July, 2016. Regulation 43A of LODR Regulations stipulates that top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy.

3. **Objective and Scope**

The Company aimed at maximisation of shareholders' value and believes that this can be attained by driving growth.

The Policy endeavours to ensure the right balance between the quantum of dividend paid to its shareholders and amount of profits retained in the business for various purposes.

4. **Framework**

The Policy has been framed broadly in accordance with the provisions of the Companies Act, 2013 ("**Companies Act**") and Regulation 43A of LODR Regulations.

5. **Dividend and categories of dividend**

The Companies Act provides for payment of dividend in two forms- Interim & Final. 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. The Board of Directors shall have absolute power to declare interim dividend, as and when they consider it fit.

6. **Financial parameters that shall be considered while declaring dividend**

The Board of the Company may be guided by the following financial parameters inter-alia before making any recommendation for the dividend:

(a) Net Profits earned and free cash generated by the Company during the financial year.

(b) Future expansion plans of the Company, including probable mergers and acquisition.

(c) Retention of sufficient profits to strengthen the Balance Sheet of the Company which can be leveraged at an appropriate time for supporting growth, if required.

(d) Liquidity available with the Company and cost and availability of funds from alternate sources of financing.

(e) Covenants of loan and other commercial agreements.

(f) Track record of dividend distributed by the Company in the past.

(g) Reasonable yield on investment of shareholders.

(h) Fund requirements for meeting out the contingencies.

(i) Any other factor as the Board may deem fit.

7. Internal Factors that shall be considered while declaring dividend:

Internal factors that shall be considered while recommending the dividend would mainly be the factors as mentioned above in the financial parameters.

8. External factors that shall be considered while declaring dividend

Following external factors shall be considered while recommending dividend:

(a) *Dividend pay-out ratios of companies in the same industry*: The Board shall take into account dividends declared by the Company's peers and other leading companies in the same industry and prevailing trend of the payment of dividend.

(b) *Economic Environment:* In case of uncertain or recessionary economic and business conditions, unfavourable policies formulated by the Government and/or adverse conditions prevailing in the international market, the Company may resort to a conservative dividend pay-out and may decide to retain larger part of profits to build up reserves to absorb future shocks and unforeseen circumstances.

(c) *Statutory Provisions and Guidelines:* The prevailing legal and statutory and regulatory conditions or restrictions under the applicable laws including, inter alia, the provisions of Companies Act read with the applicable rules shall be adhered to while recommending dividend.

(d) *Taxation:* Dividend distribution tax or any tax deduction at source as may be applicable at the time of declaration of dividend.

9. Circumstances under which the shareholders may or may not expect dividend

The shareholders of the Company may expect lower or nil dividend under the following circumstances:

(a) In the event of inadequacy of profits or whenever the Company has incurred losses.

(b) In the event the Company undertakes or proposes to undertake a significant expansion project including, inter alia, an acquisition or a joint venture, or any other project requiring higher allocation of capital for capital expenditures.

(c) In the event need is felt to retain funds towards foreseen / unforeseen events and contingencies.

10. Policy as to how the retained earnings shall be utilized

The Board may retain the earnings for growth, expansion, diversification, acquisition, investments or other major future capital or revenue expenditure and other contingencies in order to make better use of the available funds and increase the value of the stakeholders in the long run. The Board in its sole discretion and in the best interest of the Company may decide as to how the retained earnings of the Company shall be utilised after taking into consideration the financial parameters and internal and external factors as stated above.

11. Parameters that shall be adopted with regard to various classes of shares

Presently, the issued share capital of the Company comprises of only one class of equity shares which rank pari passu with respect to all their rights. The Policy shall be appropriately revisited at the time of issue of any new class(es) of shares to consider and specify the appropriate parameters to be adopted with respect to such class(es) of shares.

12. Amendment

The Board of directors may alter, modify, add, delete, amend or review this Policy in whole or in part, at any point of time by passing a Board resolution.