SHREE RENUKA SUGARS LIMITED

DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy

1. PREFACE

The Securities and Exchange Board of India (the "SEBI") vide its notification amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every financial year. Shree Renuka Sugars Limited ("the Company") being one of the top five hundred 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. Accordingly, the Board of Directors of the Company has approved this Dividend Distribution Policy (the "Policy") in its Board Meeting dated 1st February 2017.

2. OBJECTIVE

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. 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.

3. PHILOSOPHY

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

4. FINANCIAL PARAMETERS / INTERNAL / EXTERNAL FACTORS FOR DECLARATION OF DIVIDEND:

The Company shall observe the relevant statutory requirements as may be applicable to the Company at the time of taking decision with regard to dividend declaration.

However, the Board of Directors of the Company would consider the following parameters / factors before declaring or recommending dividend to its shareholders, including but not limited to:

1) Stability of earnings
2) Operating cash flow including cash flow required to meet contingencies;
3) Net operating profit after tax;
4) Availability of retained earnings;
5) Inadequacy of profits;
6) Working capital requirements;
7) Capital expenditure requirements;
8) Industry outlook and stage of business cycle for underlying businesses
9) Resources required to fund acquisitions and / or new businesses;
10) Borrowings;
11) Past Dividend trends, if any;
12) Economic viability;
13) Restrictions from Lenders of the Company;
14) Restrictions laid down under the Applicable Laws including tax laws;
15) Providing for unforeseen events and contingencies with financial implications;
16) Overall economic / regulatory environment.

5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Board shall consider the parameters and factors provided above before declaring any dividend payout after analysing the prospective opportunities and threats, viability of the options of dividend payout or retention, etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company. However, the shareholders of the Company may not expect Dividend under the following circumstances:

1) Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
2) Significantly higher working capital requirements adversely impacting free cash flow;
3) Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
4) Whenever it proposes to utilise surplus cash for buy-back of securities;

5) In the event of inadequacy of profits or whenever the Company has incurred losses;
6) Where the Company believes redeployment of profits will maximise shareholders' wealth;
7) Where there is a need to repay Debt as per covenant put in place by the lenders; or
8) Other factors as may be determined by the Board of Directors.

6. UTILIZATION OF RETAINED EARNINGS

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy and subject to compliance of applicable laws.

7. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

At present, the issued capital of the Company comprises only of equity shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

8. GENERAL:

1) This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by SEBI, the Ministry of Corporate Affairs or such other regulatory authority as may be authorized, from time to time, on the subject matter.
2) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
3) 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.