



**Solar Energy Corporation of India Limited**

# **DIVIDEND DISTRIBUTION POLICY**

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## **1. Background**

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the top one thousand listed entities based on market capitalization are required to formulate a Dividend Distribution Policy which shall be disclosed on the website of the Company and a web link to the same shall be provided in the Annual Report. Other listed entities may also formulate and disclose the same on a voluntary basis.

In line with the spirit of the aforesaid Regulation and as part of the Company's commitment to good corporate governance and transparency, this Dividend Distribution Policy ("Policy") has been formulated to set out the broad principles and parameters to be considered by the Company while recommending or declaring dividend.

## **2. Objective**

The objective of this Policy is to establish guiding principles for the declaration or recommendation of dividend by the Board of Directors of the Company.

The Policy seeks to maintain an appropriate balance between:

- distribution of profits to the shareholders; and
- retention of earnings for business growth, capital expenditure, operational requirements and long-term sustainability.

The Company aims to adopt a balanced and consistent approach towards rewarding shareholders while retaining sufficient resources for future growth and strategic initiatives.

## **3. Statutory Requirements**

The declaration and payment of dividend shall be subject to the provisions of applicable laws, including but not limited to:

- the Companies Act, 2013 and rules made thereunder;
- SEBI (LODR) Regulations, 2015;
- applicable guidelines issued by the Government of India, including Guidelines on Capital Restructuring of Central Public Sector Enterprises issued by DIPAM; and
- any other applicable statutory, regulatory or administrative requirements.

This Policy shall be read in conjunction with the above provisions and shall not override any statutory requirements.

## **4. Financial Parameters that shall be considered while declaring dividend**

Though the financial requirements of the Company is the very determinant for dividend declaration SECI, being a Central Public Sector Enterprise, is required to declare dividend in accordance with the extant guidelines on "Capital Restructuring

of Central Public Sector Enterprises” issued by DIPAM, Government of India.

The dividend prescribed under the said guidelines shall be treated as the minimum benchmark, and the Company may consider declaring a higher dividend after taking into account, inter-alia, the following financial parameters:

- profitability and earnings of the Company;
- capital expenditure requirements;
- liquidity and cash flow position;
- availability of distributable reserves; and
- net worth and overall financial position of the Company.

In case of inability to comply with the applicable DIPAM guidelines, the Company shall seek necessary approvals or exemptions from the competent authority.

## **5. Factors considered while declaring Dividend**

### **5.1 Internal Factors**

While considering declaration of dividend, the Board may take into account the following internal factors:

- financial performance of the Company;
- availability of distributable surplus and reserves;
- working capital requirements;
- funding requirements for capital expenditure and growth opportunities;
- investment requirements in subsidiaries, joint ventures or strategic initiatives;
- past dividend payout trends; and
- any other factor as may be deemed fit by the board.

### **5.2 External Factors**

The Board may consider external factors including:

- macroeconomic and industry conditions;
- regulatory framework;
- applicable government guidelines and directives; and
- any other factor as may be deemed fit by the board.

## **6. Circumstances under which the shareholders of the Company may or may not expect dividend**

The Board shall consider declaration of dividend based on the overall financial performance profitability, cash flows, and future outlook of the Company.

However, the Company may not declare or may declare lower dividend under the following circumstances:

- inadequacy or absence of profits;
- significant capital expenditure or expansion requirements;
- high leverage or debt servicing obligations;

- increased working capital requirements;
- adverse economic or industry conditions;
- regulatory restrictions or Government directives; or
- any other circumstances where retention of earnings is considered to be in the best interest of the Company.

In case of inability to comply with the applicable DIPAM guidelines, the Company shall seek necessary approvals or exemptions from the competent authority.

## **7. Utilization of Retained Earnings**

The Company shall utilise retained earnings in accordance with the provisions of the Memorandum and Articles of Association of the Company and applicable laws. The retained earnings shall be utilized in a manner that supports the long-term interests of the Company and its stakeholders.

Retained earnings may be utilised for purposes including:

- support working capital needs;
- funding capital expenditure and expansion plans;
- strengthening the financial position of the Company;
- investments in subsidiaries, joint ventures or other strategic initiatives;
- and
- any other purpose as approved by the Board.

## **8. Manner and Timelines of Dividend Payout**

- i. The dividend for each financial year shall be determined by the Board after taking into consideration the applicable statutory requirements, the financial performance of the Company, and such other internal and external factors as enumerated in this Policy.
- ii. In addition to the final dividend, the Board may, at its discretion, declare Interim dividend(s) during the financial year.
- iii. Subject to applicable laws, the interim dividend declared by the Board shall be paid to the shareholders who are entitled to receive the same as on the relevant record date, within 30 days from the date of approval by the Board.
- iv. The recommendation for final dividend, if any, shall ordinarily be made by the Board at the meeting in which the annual financial statements are considered and approved, and shall be subject to the subsequent approval of the shareholders of the Company.
- v. Subject to applicable laws, the payment of final dividend to the shareholders entitled to receive dividend on the record date, shall be made within 30 days from the date of approval by the members.

## **9. Parameters with regard to various classes of shares**

As on date of this policy, the Company has only one class of equity shares having equal voting rights. The holders of the equity shares of the Company, as on the record date, are entitled to receive dividend, if declared.

In the event issuance of any other class of shares in the future, the parameters for dividend distribution with respect to such shares shall be determined in accordance with the terms of issue of such shares and applicable laws, and this Policy shall be suitably amended.

## **10. Policy Review, Amendments and Other Provisions**

This Policy is intended to provide broad guidance on the declaration and distribution of dividend and shall not be construed as a binding commitment regarding the declaration of dividend.

The Board of Directors shall retain full discretion in recommending or declaring dividend after considering the financial position of the Company and other relevant factors.

The Policy may be reviewed periodically and may be amended, modified, or updated by the Board of Directors as may be considered necessary, subject to the applicable provisions of law.

In the event of any inconsistency between this Policy and the applicable statutory provisions, regulatory requirements, or Government guidelines, the provisions of such laws, regulations, and guidelines shall prevail.

The Chairman & Managing Director / Managing Director is authorized to carry out necessary modifications to this Policy to align it with any regulatory or statutory changes, subject to placing such modifications before the Board for its information.