

## **DIVIDEND DISTRIBUTION POLICY**



### **SOLARWORLD ENERGY SOLUTIONS LIMITED**

*(formerly known as Solarworld Energy Solutions Private Limited)*

## 1. PREAMBLE

The Board of Directors of the Company (“the Board”) at its meeting held on September 05, 2025, has approved and adopted the dividend distribution policy (“the Policy”) of the Company.

This Dividend Distribution Policy is made pursuant to the applicable provisions of Companies Act, 2013 and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the ‘Listing Regulations’) and shall disclose the same on a voluntary basis in the annual reports and on the website of the Company. This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes.

## 2. OBJECTIVE

The objective of this Policy is to establish a consistent and transparent approach to dividend declaration, with the aim of maximizing shareholders' value. The Company believes that this can be best achieved by fostering sustainable growth and maintaining a balance between retaining profits for reinvestment in the business and distributing dividends to shareholders. The Policy ensures that dividend decisions are aligned with the long-term strategic goals of the Company while safeguarding the interests of all stakeholders.

## 3. LEGAL FRAMEWORK

As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”), the top 1000 listed entities based on the market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed on their websites and a web link shall also be provided in their Annual Report.

Listed entities other than the top 1000 listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

## 4. DEFINITIONS

- i. **“Act”** means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- ii. **“Board”** shall mean the Board of Directors of the Company, as constituted from time to time.
- iii. **“Company”** shall mean “Solarworld Energy Solutions Limited”
- iv. **“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- v. **“Dividend”** is as defined under Section 2(35) of the Act.

- vi. **“Free Reserves”** are as defined under Section 2(43) of the Act.
- vii. **“Policy”** means this policy on Dividend Distribution as amended from time to time.
- viii. **“Financial year”** shall mean the period starting from 1<sup>st</sup> day of April and ending on 31<sup>st</sup> day of March every year
- ix. **“Applicable Law”** means the Companies Act, 2013, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996, or any other law or act as may be applicable.

Words and expressions used but not defined in this Policy but defined in any Applicable Law shall have the same meaning respectively assigned to them in such Applicable Law.

## **5. EFFECTIVE DATE**

This policy shall be effective from the date of its approval by the Board of Directors.

## **6. GUIDELINES FOR DIVIDEND DECLARATION/RECOMMENDATION**

- i. The Company will adhere to the statutory requirements outlined in the Companies Act, 2013 when deciding on dividend declarations.
- ii. Dividend shall be declared in accordance with Section 123 of the Companies Act, 2013, and the Companies (Declaration and Payment of Dividend) Rules, 2014.
- iii. The Board will consider the expectations of all stakeholders, including minority and small shareholders, during the dividend declaration process.

## **7. DECLARATION AND PAYMENT OF DIVIDEND**

### **i. Interim Dividend**

- a) The Board of Directors of the Company shall declare the interim dividend during the financial year, as and when they consider it fit to so declare;
- b) The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company;
- c) The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable. In case no final dividend is declared by the Company, interim dividend paid during the financial year, if any, shall be considered as final dividend at the Annual General Meeting of the Company.

### **ii. Final Dividend**

Dividend, other than interim dividend, for a financial year shall be paid after the Annual Financial Statements of the Company are finalised and the distributable profits are available.

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Companies Act, 2013. The Board of Directors shall recommend the final dividend to the Shareholders for their approval in the Annual General Meeting of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the Annual General Meeting of the Company.

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

## **8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDENDS**

### **i. Shareholders may expect dividends under the following circumstances:**

- a) The Company has generated sufficient profits in the financial year, and distributable profits are available after complying with Section 123 of the Act.
- b) The Company has adequate free cash flow to support dividend payments without compromising its operational or strategic requirements.
- c) The Company's financial position is stable, with manageable debt levels and sufficient liquidity.
- d) There are no significant capital expenditure commitments or strategic investments that require retention of earnings.

### **ii. Shareholders may not expect dividends under the following circumstances:**

- a) The Company incurs losses or has insufficient distributable profits in accordance with Section 123 of the Act.
- b) The Company requires substantial funds for capital expenditure, expansion projects, or acquisitions.
- c) There are adverse economic or market conditions that necessitate retention of earnings for financial stability.
- d) Regulatory restrictions or covenants with lenders prohibit the declaration of dividends.
- e) The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that to conserve capital would be in the interest of the Company.

## **9. PARAMETERS FOR DIVIDEND PAYOUT**

### **i. Financial Parameters including Internal Factors that shall be considered while declaration of dividend:**

The financial parameters including internal factors which would be considered while declaration of dividend by the Board are as follows:

- a) Profit for the financial year as well as general reserves of the Company;
- b) Liquidity position and future cash flow needs;
- c) Borrowing levels and the capacity to borrow including repayment commitments;
- d) Historical dividend distribution track record;
- e) Current taxation policies regarding dividends;

- f) Capital expenditure requirements for expansion and acquisitions;
- g) Provisioning for financial implications arising out of unforeseen events and/or contingencies;
- h) Restrictions/covenants if any, contained in any lender agreements or any other arrangement; agreement entered into by the Company;
- i) Cost and availability of alternative financing;
- j) General macroeconomic and business conditions.

## **ii. External Factors**

- a) Changes in the Government policies, industry specific rulings & regulatory provisions;
- b) The dividend decisions may also be influenced by the growth and performance of the applicable industrial sector, emerging trends in the financial market and performance of the Company vis-à-vis its peers and dividend payout ratio of the comparable companies;
- c) Business cycles;
- d) Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve;
- e) Any other factor which has a significant influence/impact on the Company's working/financial position.

## **10. UTILISATION OF RETAINED EARNINGS**

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. Subject to the provisions of the applicable laws, the Company may declare dividend out of profits of the Company for the year or out of the profit of previous year or out of free reserves available for distribution of dividend, after having due regard to the parameters laid down in the Policy. The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

- i. Funding capital expenditure, including investments in infrastructure, technology, and research and development.
- ii. Supporting organic and inorganic growth initiatives, such as acquisitions or new business ventures.
- iii. Strengthening the Company's financial position by reducing debt or building contingency reserves.
- iv. Investment in new business(es);
- v. Additional investment in existing business(es);
- vi. Declaration of dividend;
- vii. Capitalisation of shares;
- viii. Buy back of shares;
- ix. General corporate purposes, including contingencies;
- x. Any other permitted usage as per the Companies Act, 2013.

## **11. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Presently, the issued share capital of the Company comprises of only one class of equity shares of Rs.5 each. In the event the Company decides to issue other classes of shares, the Board of Directors shall determine and specify the following parameters for each such class:

- i. Rights and privileges attached to the shares;
- ii. Dividend rates and payment terms;
- iii. Voting rights and powers;
- iv. Conversion or redemption terms, if applicable;
- v. Priority or preference in repayment of capital or dividends;
- vi. Any other specific terms or conditions.

The Board shall ensure that the parameters adopted for each class of shares are in accordance with applicable laws, rules and regulations.

## **12. EXCLUSIONS FROM THE POLICY**

The Policy shall not apply to:

- i. Determination and declaration of dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- ii. Distribution of funds as an alternative to payment of dividend by way of buyback of equity shares;
- iii. Distribution of dividends in kind, such as bonus shares or other securities, as permitted by law.

## **13. CONTACT INFORMATION**

For any clarifications or information regarding this Policy, shareholders may contact:

Company Secretary and Compliance Officer

Solarworld Energy Solutions Limited

A-45 to 50, Pioneer House, Noida Sector 16, Gautam Buddha Nagar, Noida, Uttar Pradesh, India, 201301

Email: [cs@worldsolar.in](mailto:cs@worldsolar.in)

## **14. CONFLICT WITH APPLICABLE LAWS**

In case of any conflict between the provisions of this Policy and the Companies Act, 2013, SEBI LODR, or any other applicable law, the provisions of the law shall prevail. The Policy shall be deemed to be amended to the extent necessary to ensure compliance with such laws.

## **15. AMENDMENTS**

The Board retains the right to amend or modify this policy at any time as deemed necessary. The Board shall periodically review the Dividend Distribution Policy of the Company.

## **16. DISCLOSURE**

This policy will be included in the Annual Report and be made available on the Company's website.