

Dividend Distribution Policy

(As per Regulation 43A of SEBI (LODR) Regulations, 2015)

1. Preamble

This Dividend Distribution Policy ("Policy") has been framed in accordance with the requirements of **Regulation 43A** of the **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** ("SEBI LODR Regulations").

The Policy aims to ensure a **balanced approach** toward **profit retention and dividend distribution**, providing clarity to stakeholders on the Company's principles and practices in declaring dividends.

2. Objective

- To lay down the **criteria and parameters** to be considered by the Board of Directors before recommending or declaring dividends;
- To ensure **transparency and consistency** in the decision-making process;
- To enable shareholders to make **informed investment decisions**.

3. Scope

This Policy applies to:

- **Equity shareholders** of the Company;
- **Final and interim dividends** declared or recommended by the Board;
- **Special dividends** where applicable.

4. Dividend Philosophy

Servotech Renewable Power System Ltd. aims to:

- Reward shareholders through a stable and sustainable dividend;
- Maintain financial flexibility to support future growth and capital requirements;
- Align dividend payouts with the Company's long-term value creation goals.

5. Parameters for Determining Dividend Payout

The Board shall consider the following parameters before declaring any dividend:

5.1 Internal Factors

- Profit after tax (PAT) and retained earnings
- Free cash flow and liquidity position
- Business expansion and CAPEX plans
- Working capital requirements
- Debt obligations and covenants
- Return on Equity (ROE) and other financial ratios
- Historical dividend payout trends

5.2 External Factors

- Macroeconomic environment and market conditions
- Government policies, taxation, and regulatory landscape
- Industry performance and peer benchmarks
- Shareholder expectations and investor sentiment

6. Utilization of Retained Earnings

Retained earnings shall be deployed towards:

- Future business expansion and diversification
- Product development and R&D
- Strengthening balance sheet and reserves
- Strategic acquisitions and partnerships
- Meeting unforeseen contingencies

7. Manner of Dividend Distribution

- Dividend shall be declared in **Indian Rupees** only.
- Payment shall be made through **electronic clearing service (ECS)** or other permissible methods.
- The Company shall ensure compliance with **statutory timelines** for dividend payment and reporting.

8. Circumstances under Which Shareholders May or May Not Expect Dividend

The Board may choose not to declare dividends in certain scenarios, including but not limited to:

- Adverse economic conditions or financial stress
- Significant planned capital expenditure
- Strategic investment opportunities
- Regulatory restrictions or adverse tax implications
- Force majeure or extraordinary events

9. Review and Amendment of Policy

- The Board shall review this Policy as and when required, but at least once every three years.
- Any changes to the Policy shall be recommended by the Audit Committee (if applicable) and approved by the Board of Directors.

10. Disclosures

This Policy shall be:

- Published on the Company's website: www.servotech.in
- Disclosed in the **Annual Report** as per Regulation 43A of SEBI (LODR) Regulations.

11. Disclaimer

In case of any ambiguity or conflict between this Policy and applicable laws/regulations, the provisions of the law shall prevail.