



PRABHA ENERGY LIMITED

DIVIDEND DISTRIBUTION POLICY



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The Board of Directors (the “Board”) of Prabha Energy Limited (the “Company”) at its meeting held on May 22, 2026 had adopted this Dividend Distribution Policy (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

1. SCOPE AND OBJECTIVE

The Dividend Distribution Policy (“Policy”) seeks to lay down a broad framework for distribution of dividend by the Company while appropriately balancing the need to retain adequate resources for the growth, sustainability and financial strength of the Company and its material subsidiaries, if any. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for business requirements, expansion plans and future growth.

The Policy, in the interest of transparency to shareholders, sets out the circumstances and the financial and other factors that may be considered by the Board of Directors while taking decisions relating to declaration, recommendation or retention of profits as dividend.

The Board of Directors shall recommend dividend in compliance with this Policy, the applicable provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws.

This Policy shall not be construed as a commitment regarding payment of dividend, which shall remain at the discretion of the Board and shall depend upon the profits of the Company, financial requirements, business conditions and other relevant factors as may be considered appropriate by the Board.

2. STATUTORY REQUIREMENTS

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being (“Act”) in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), such other applicable provisions of law and the Articles of Association of the Company as amended.

3. DEFINITIONS

- (a) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- (b) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notification, orders to remove difficulties or re-enactment thereof time to time.
- (c) “**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as notified by The Securities and Exchange Board of India, as amended, from time to time.



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- (d) **“Dividend”** includes any interim dividend.
- (e) **“Listed Entity/Company”** shall mean Prabha Energy Limited.
- (f) **“Policy”** means Dividend Distribution Policy.
- (g) **“Stock Exchange”** shall mean a recognized Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

4. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDENDS

The Board will consider various parameters, including but not limited as mentioned below before arriving at a decision on declaration of dividend:

Financial Parameters and Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves and Contingent liabilities
- Stability of earnings and distributable surplus available as per the various Acts and Regulations
- The Company’s liquidity position including its working capital requirements, covenants in loan agreement and debt servicing obligations
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Return on invested capital, reinvestment opportunities and additional investment in subsidiaries / associates / joint venture of the Company, if any.
- Operating cash flow and future cash flow needs and liquidity
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals
- Long term growth strategy of the Company requiring it to conserve cash to execute growth plan
- Cost of Borrowings and Resources required to fund acquisitions and/or new business
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital restructuring, debt reduction, capitalisation of shares
- Buyback of shares or any such alternate profit distribution measure
- Capital market scenarios
- Past dividend pay-out ratio / trends
- Any other contingency plans
- Any other factor not explicitly covered above but which is likely to have a significant impact on the Company

External Factors:

- Industry Outlook Macro- economic conditions and any changes therein
- Government Policies and any changes there in
- Industry outlook and stage of business cycle for underlying businesses



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- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve
- Cost of raising funds from alternate sources
- Inflation rates
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged
- Economic Environment, both domestic and global
- Capital Markets
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

5. DIVIDEND PAYOUT

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the Executive Management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy. The Board may also declare Interim Dividend at its discretion from time to time.

The Board will endeavor to achieve a dividend payout ratio (including all applicable taxes on distribution of such dividend) of 10 % of the Standalone Profit after Tax, net of dividend payout to preference shareholders, if any.

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the ongoing or planned business expansion or after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention or any other factors which may be deemed fit by the Board but considering the balanced interest of the shareholders and the Company. Further the shareholders of the Company may not expect Dividend under the following circumstances:

- i. In the event of loss or inadequacy of profit for the Financial Year;
- ii. Proposed expansion plans requiring higher capital allocation;
- iii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- iv. Requirement of higher working capital for the purpose of business of the Company;
- v. Proposal for buy-back of securities;
- vi. Any other internal or external factors restraining the Company from considering dividend.

7. UTILIZATION OF RETAINED EARNINGS

The Company shall endeavor to utilize the retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run. Further, retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific



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purpose as approved by the Board of Directors of the Company. Decisions on the utilization of the retained earnings of the Company may be based on the following factors:

- (a) Business expansion, growth and strategic initiatives;
- (b) Exploration, development and operational requirements of the Company's business activities;
- (c) Acquisition of assets, reserves, businesses or strategic opportunities;
- (d) Funding capital expenditure, infrastructure and working capital requirements;
- (e) Modernization, technology upgradation and operational efficiency initiatives;
- (f) Repayment or reduction of debt and strengthening of the capital structure of the Company;
- (g) Investment in subsidiaries, joint ventures or other business opportunities;
- (h) Creation of reserves for contingencies and unforeseen events;
- (i) Payment of dividend or issuance of bonus shares, in accordance with applicable laws; and
- (j) any other purpose as may be approved by the Board of Directors from time to time.

8. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

9. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the SEBI Listing Regulations, the Regulations shall prevail.

10. DISCLOSURE

This policy will be displayed on the website of the Company i.e. www.prabhaenergy.com and a web-link shall also be provided in the Annual Report of the Company as required by the Regulations in force from time to time.

11. AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and SEBI Listing Regulations or as deemed fit on a review.
