

STERLITE ELECTRIC LIMITED¹

DIVIDEND DISTRIBUTION POLICY*

Owner:

Corporate Secretarial Department

Issue Date: December 12, 2024

Version:

Dividend policy – 2.0

*The Policy, to the extent they are applicable to an un-listed public company, shall become applicable from the date of its approval by the Committee/Board, as the case may be. Post listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully applicable to the Company.

¹ The name of the Company was changed from Sterlite Power Transmission Limited to Sterlite Electric Limited with effect from April 15, 2025, vide special resolution passed by the Members/Shareholders on January 25, 2025.

The Board of Directors (the “Board”) of Sterlite Electric Limited (*formerly known as Sterlite Power Transmission Limited*) has adopted the following policy on Dividend Distribution on December 12, 2024.

1. 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.

2. Philosophy

The philosophy of the Company is to achieve wealth maximization. The Company believes that driving growth creates maximum Shareholders’ value. The Company would endeavor to maintain a Dividend Pay-Out of around 20-50% of profits after tax (PAT) on Consolidated Financials basis.²

3. Definitions

3.1. Unless repugnant to the context:

3.1.1 “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

3.1.2 “Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time (to the extent applicable) and such other act, rules or regulations which provides for the distribution of Dividend.

3.1.3 “Company or Sterlite Electric” shall mean Sterlite Electric Limited (*formerly known as Sterlite Power Transmission Limited*).

3.1.4 “Board” or “Board of Directors” shall mean Board of Directors of the Company.

3.1.5 “Dividend” shall mean Dividend as defined under Companies Act, 2013.

3.1.6 “Policy or this Policy” shall mean the Dividend Distribution Policy.

3.1.7 “SEBI Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

3.2. Interpretation - Words and expressions used and not defined in this Policy but defined in Companies Act, 2013 or rules made thereunder or Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

4. Parameters for declaration of Dividend

5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

² Amended vide approval of the Board of Directors on June 26, 2025.

5.1.1 Financial Parameters / Internal Factors/External Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending Dividend to shareholders:

- a. Consolidated net operating profit after tax;
- b. Working capital requirements;
- c. Capital expenditure requirements;
- d. Resources required to fund acquisitions and / or new businesses;
- e. Cash flow required to meet contingencies;
- f. Outstanding borrowings;
- g. Past Dividend Trends;
- h. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- i. Dividend pay-out ratios of companies in the same industry; and
- j. Economic Viability.

5.2 Circumstances under which the shareholders may or may not expect Dividend:

The Board shall consider the parameters / 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 -

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- b. Significantly higher working capital requirements adversely impacting free cash flow;
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- d. Whenever it proposes to utilise surplus cash for buy-back of securities; or
- e. In the event of inadequacy of profits or whenever the Company has incurred losses.

5.3 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.

5.4 Parameters adopted with regard to various securities:

As a part of its capital structure, the Company has issued to its shareholders: (i) equity shares of face value of INR 2 (Indian Rupees Two) each; and (ii) compulsory convertible preference shares ("CCPS") of face value of INR 10 each. The Dividend with respect to the securities will be distributed as follows:

- a. Preferential Dividend

Prior to the distribution of the dividend to any other shareholder, the CCPS holders will be issued a preferential dividend rate of 0.001% (zero point zero zero one percent) per annum.

b. Distribution of balance Dividend

After the distribution of the preferential Dividend as set out above, for the purposes of the distribution of the balance Dividend, the holders of the equity shares and the CCPS shall be treated *pari passu* to each other. The Dividend shall accordingly be distributed to all shareholders on the assumption that at the time of such distribution, the CCPS have been converted into equity shares as per the terms of issue of the CCPS issued by the Company. In the event that the Company issues any other security not being an equity share or a CCPS, the Board may suitably amend this Policy.

6 Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations, to the extent required.