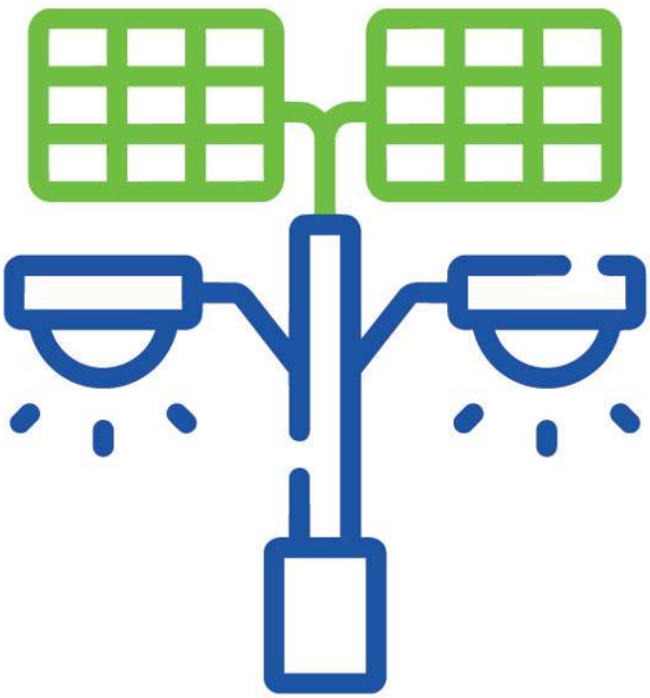
AVAADA
ELECTRO



DIVIDEND DISTRIBUTION POLICY

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DIVIDEND DISTRIBUTION POLICY

DEFINITIONS AND INTERPRETATION

1. Definitions

"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 together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which deal with the distribution of dividends which may apply to us from time to time

"Board" or **"Board of Directors"** means the Board of the Directors of the Company.

"Companies Act" means the Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

"Company" means Avaada Electro Limited

"Dividend" includes any interim dividend.

"**Financial Year**" means the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

"Free reserves" means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend **Provided** that—(*i*) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or (*ii*) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves;

"Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"Policy" shall mean this Dividend Distribution Policy of the Company.

Words and expressions used and not defined in this Policy but defined in the Companies Act or other Applicable Laws shall have the same meaning respectively assigned to them in those Applicable Laws.

2. Purpose and Scope

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

3. Introduction

The Board of the Company considers it appropriate to adopt a Policy that would help establish principles to ascertain amounts that can be distributed to shareholders as divided by the Company as well as enabling the Company to strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The philosophy of the Company is to maximize the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

The Board of Directors of the Company in its meeting held on October 17, 2025 has approved and adopted this Policy.

The Policy shall become effective from the date of its approval by the Board.

DIVIDEND DISTRIBUTION

4. Category of Dividends

The Companies Act provides for two forms of Dividend - final and interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the Financial Year, as and when they consider it fit.

Final Dividend

The final dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the annual general meeting.

Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a Financial Year as may be deemed fit by it. The Board of Directors of the Company would declare interim dividend, as and when considered appropriate, in line with the Companies Act and this Policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

Declaration and Payment of Dividend

(a) 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 is available.

(b) The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act.

Pursuant to the provisions of Section 123 of the Act, dividend shall be declared:

(a) out of the profits of the Company for that year arrived after providing for depreciation in accordance with the provisions of the Act;

(b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or

(c) out of both (a) and (b)

5. Circumstances Under Which the Shareholders May or May Not Expect Dividend

The decision regarding dividend payout is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

(a) in case of inadequacy of profits or whenever the Company has incurred losses;

(b) whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;

(c) whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital;

(d) significantly higher working capital requirement affecting free cash flow;

(e) whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies; and

(f) in case the Company is prohibited to recommend/declare dividend by any regulatory body.

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 then ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy, if any.

6. Financial and Other Parameters to be Considered Before Recommending Dividend

The Board of Directors of the Company shall consider the following ***financial / internal parameters*** while declaring or recommending dividend to shareholders:

(a) Profits earned and available for distribution;
(b) Accumulated Reserves including Retained Earnings;
(c) Earnings outlook for next three to five years;
(d) Expected future capital / expenditure requirements of the Company;
(e) Growth and expansion plans including (but not limited to) any inorganic opportunities
(f) Debt repayment obligations
(g) Past dividend trends – rate of dividend, EPS and payout ratio, etc
(h) Stability of earnings
(i) Organic growth plans / expansions;
(j) Long term investment proposed, capital restructuring, debt reduction;
(k) Cost of raising funds from alternate sources;
(l) Crystallization of contingent liabilities of the Company;
(m) Profit earned under Consolidated Financial Statements;
(n) Cash Flows;
(o) Current and projected cash balance; and
(p) Any other factor not explicitly covered above but which is likely to have a significant impact on the Company

7. External Factors

The Board of Directors of the Company shall consider the following ***external parameters*** while declaring or recommending dividends to shareholders:

(a) Contractual restrictions/restrictions (if any) in debt covenants
(b) Macro-economic environment - Significant changes in macro-economic environment materially affect the business in which the Company is engaged in the geographies in which the Company operates.
(c) Regulatory changes - Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged.
(d) Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.
(e) Industry outlook for business in which company operates
(f) Cost of raising funds from alternate sources
(g) Any other factor which has a significant influence / impact on the Company's operations.

8. Entitlement and Timelines for Dividend Payments

a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.

b. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made there under. Presently, dividend is to be paid within 30 (thirty) days from the date of declaration by the Board in case of Interim Dividend and within 30 (thirty) days from the declaration by the shareholders in the AGM in case of Final Dividend.

9. Utilization of Retained Earnings

Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and also its shareholders. The retained earnings may be utilized by the Company for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company. In the absence of any viable growth opportunity (organic / inorganic), Company shall utilize retained earnings for reducing its debt obligations. In the absence of the opportunity to utilize retained earnings in any of the above options, as an exception, the Board shall use the larger portion of profits to distribute amongst the shareholders as dividend.

The utilization of retained earnings will be based upon following factors (list is not exhaustive)

a) long term and strategic plans of the company
b) Opportunities available to the company – Organic and in-organic
c) General corporate purposes including contingencies
d) Issue of bonus shares or buy back
e) Any other factor(s) which the board of the company may consider appropriate

10. Parameters that shall be adopted with regard to various Classes of Shares

The Company has issued only one class of equity shares with equal voting rights and therefore all Shareholders of the Company are entitled to receive the same amount of dividend per equity share. Parameters for dividend payments in respect of any other class of equity shares will be as per the respective terms of issue and in accordance with the Applicable Laws and will be determined, if and when the Company decides to issue other classes of equity shares / preference shares.

11. Rate/ Quantum of Dividend

It has always been the Company's endeavor to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this Policy.

12. Review

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient, taking into account the law for the time being in force.

13. Amendment

Any subsequent amendment / modification in the Companies Act, 2013, SEBI Regulations and / or other applicable laws in this regard shall automatically apply to this Policy. The revision/ amendment to the Policy, if any, shall be subject to the approval of the Board, if and when practical difficulties are encountered.

14. Disclosure

The Policy shall be disclosed on the website of the Company, and a web-link shall also be provided in its annual report. If Company proposes to declare dividend on the basis of parameters in addition to the ones listed in this Policy or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

Disclaimer

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.