



EDC LIMITED

A Government of Goa Undertaking

DIVIDEND DISTRIBUTION POLICY

SUMMARY OF POLICY:

Policy Name	DIVIDEND DISTRIBUTION POLICY
Issue and Effective date	09/07/2025
Periodicity of Review	As decided by the Board of EDC
Owner/Contact	Secretarial Department
Approver	Board of Directors (404 th Board meeting dated 09/07/2025)

INDEX

SR.NO.	PARTICULARS	PG. NO.
1	Need and Objective of the Policy	1
2	Other Parameters	2
3	Parameters For Various Classes of Shares	3
4	Manner Of Dividend Payout	3
5	Disclosure On Deviation	4
6	Amendment	4

DIVIDEND DISTRIBUTION POLICY

I. Need and Objective of the Policy

The Dividend Distribution Policy is made pursuant to the applicable provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

Considering the above and recognising the need to lay down a broad framework for deciding the matters pertaining to distribution of Dividend and / or retaining the profits of the Company, the Board of the Company has laid down and adopted this policy.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for the growth of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions.

The Policy shall not apply to determination and declaration of Dividend on preference shares as the same will be as per the terms of issue approved by the shareholders.

A. GENERAL POLICY ON DIVIDEND

The Board shall determine the Dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

B. CONSIDERATIONS RELEVANT FOR DECISION ON DIVIDEND

The Board of Directors, while considering the proposals for dividend, shall take into account each of the following aspects:

- (i) Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- (ii) Qualifications in the Auditors Report to the financial statements.
- (iii) Long term growth plans of the Company.

Statutory requirements

The Company shall observe the relevant statutory requirements including transfer of a certain portion of the profits to any specific reserve(s), as may be applicable to the Company at the time of taking a decision with regard to declaration / recommendation of Dividend or retention of profits.

Inadequacy of profits

If during any financial year the profits of the Company are inadequate, the Board may decide not to declare Dividends for that financial year.

Contractual obligations

The decision regarding dividend pay-out shall take into consideration the restrictions and covenants contained in the agreements as may be entered into by the Company with financial institutions / other lenders of the Company from time to time.

Prudential requirements

The following strategic matters shall also be considered-

- to ascertain the needs for capital conservation and appreciation;
- to build sufficient reserves of retained earnings;
- to augment long term financial strength; and
- to build a pool of internally generated funds to provide long-term resources as well as resource raising potential for the Company.

It may be noted that declaration of dividend shall be subject to provisions of Companies Act 2013, Guidelines issued by Ministry of Corporate Affairs, Ministry of Finance/ Government of Goa etc.

Proposals for major capital expenditures, etc.

The Board should also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals and the provision of depreciation on such new assets.

Expectations of Stakeholders

The Board, while considering the decision of Dividend pay-out or retention of a certain amount or the entire profits of the Company for the year, shall factor the past developments and consider the expectations of the all stakeholders, the objectives for which the Company was formed and the role that it plays in the socio-economic development of the state of Goa.

II. OTHER PARAMETERS

In addition to above parameters, the decision of Dividend payout or retention of profits shall also be based on the following:

Operating cash flow of the Company

If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board should consider the same before taking its decision whether to declare Dividend or retain its profits.

Taxation and other regulatory concerns

- Dividend distribution tax as may be applicable at the time of declaration of Dividend.
- Any restrictions on payment of Dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of Dividend.

Past performance/ Dividend history and reputation of the Company - The standing of the EDC Limited in the business space, its dividend payment history and the impact of the decision on overall reputation of the Company.

Macroeconomic conditions

Considering the state of the States economy, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the national/ international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to meet unforeseen circumstances.

Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

III. PARAMETERS FOR VARIOUS CLASSES OF SHARES

- The factors and parameters for declaration of Dividend to different class of shares of the Company shall be the same as stated above.
- The payment of Dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- Dividends shall be paid out of the Company's distributable profits and / or free reserves and shall be allocated among the shareholders on a pro-rata basis according to the type and class of shares held.
- Dividend when declared shall be first paid / apportioned to the preference shareholders of the Company as per the terms and conditions of their issue.

IV. MANNER OF DIVIDEND PAYOUT

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the company and other internal and external factors

enumerated earlier in the policy. However, efforts should be made to maintain a dividend pay-out ratio as per the guidelines of the Central Government/ State Government as applicable to EDC Limited.

V. DISCLOSURE ON DEVIATION

Declaration of Dividend on the basis of parameters other than those stated in this Policy or resulting in amendment of any element stated in this Policy will be regarded as deviation.

Any such deviation, when deemed to be necessary in the interest of the Company, in extraordinary circumstances, shall be disclosed in the Company's Board's Report along with the rationale thereof.

VI. AMENDMENT

The Board of Directors may review the policy to give effect to any statutory amendments or otherwise.

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