



Dividend Distribution Policy

1. Introduction:

1.1 The Dividend Distribution Policy (hereinafter referred to as the “Policy”) have been prepared and adopted in accordance with the provisions of the Companies Act, 2013 and as mandated by Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (As amended).

1.2 The Board of Directors (the “Board”) of Techno Electric & Engineering Company Limited (the “Company”) had adopted the Policy as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) in its meeting held on April 17, 2017 and adopted the amended policy in its meeting held on May 27, 2025.

1.3 Under Section 2(35) of the Companies Act, 2013, “Dividend” includes any interim dividend. In common parlance, “dividend” means the profit available for distribution not retained in the business and is distributed among the shareholders.

1.4 The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

1.5 The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

2. Effective Date:

The Policy shall become effective from the date of its adoption by the Board i.e. April 17, 2017.

3. Purpose, Objectives, and Scope:

3.1 The Securities and Exchange Board of India (“SEBI”) has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.

3.2 The Company is falling under one of the top five hundred category in the Stock Exchanges, a broad framework need to be in place for distribution of dividend to its shareholders and/ or retaining or plough back of its profits.

3.3 The purpose of the Policy is to reflect the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for future growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereafter, dividend, which shall be consistent with the performance of the Company over the years.

4. Parameters for Consideration and Declaration of Dividend:

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

Financial/Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability
- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic
- Capital restructuring, debt reduction, capitalisation of shares
- Crystallization of contingent liabilities of the Company
- Profit earned under the Consolidated Financial Statement
- Cash Flows
- Current and projected Cash Balance and Company's working capital requirements.
- Covenants in loan agreements, Debt servicing obligations and Debt maturity profile.

External Factors:

- Economic environment, both domestic and global.
- Unfavorable market conditions
- Changes in Government policies and regulatory provisions
- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders' expectations
- Cost of external financing

5. Expectation and Non-expectation of Dividend:

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company *may expect dividend* only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the 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:

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy- back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

5.1 The dividend policy of the Company is progressive with an intention to maintain or grow the dividend each year.

5.2 The Board shall consider the parameters and factors provided under Clause 4 and 5 above before deciding dividend payout keeping in view the balanced interest of the shareholders and the Company;

6. Policy as to Utilization of Retained Earnings:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Long term strategic plans
- Augmentation/ Increase in production capacity
- Market expansion plan
- Product expansion plan
- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the Company

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- Payment of Dividend or issue of Bonus Shares
- Other such criteria as the Board may deem fit from time to time.

7. Manner of Dividend Payout:

7.1 Given below is a summary of the process of declaration and payment of dividends and is subject to applicable regulations.

7.2 In case of final dividend:-

- i. The final dividend be recommended by the Board in the Board meeting that considers and approves the annual financial statements and shall be subject to approval of the shareholders of the Company at the Annual General Meeting.
- ii. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company. The shareholders shall have the right to reduce the dividend, but in no circumstances can increase the same.
- iii. The payment of dividends shall be made within 30 days from the date of declaration by the shareholders at the Annual General Meeting to those shareholders entitled to receive the dividend on the date of book closure as per the applicable law.

7.3 In case of interim dividend:-

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of interim dividend shall be made within 30 days from the date of declaration by the Board to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting in respect of that financial year.

8. Applicability to Various Classes of Shares:

8.1 The factors and parameters mentioned as above shall be applicable to any class of equity shares that the Company may issue in future. However, the Company has only one class of issued, subscribed and paid-up equity share capital at present and does not have any issued preference share capital.

8.2 The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

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8.3 The dividends shall be paid out of the Company's distributable profits and/or general reserves and/or out of both and shall be distributed among shareholders on pro-rata basis according to the number of each type and class of shares held.

8.4 The preference shareholders of the Company, if any shall have the first right to dividend, if declared, as per the terms and conditions of their issue.

9. Applicability of the Policy:

The Policy shall not apply to:

- i. Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- ii. Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law; and
- iii. Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

10. Reporting and Disclosure:

As prescribed by Regulation 43A of the Listing Regulation, this Policy shall be disclosed on the Company's website <https://www.techno.co.in> and the Annual report.

11. Review of the Policy:

This Policy shall be subject to periodic review as may be deemed necessary as per any regulatory amendments.

12. Disclaimer:

- a) The Policy does not constitute a commitment regarding the future dividends of the Company but only represents a general guidance regarding dividend policy. 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.
- b) 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.



Niranjana Brahma
(Chief Compliance Officer)

Policy	Version	Adopted	Revised
Dividend Distribution Policy	v 2.0	29 May 2023	20 June 2025

Techno Electric and Engineering Company Ltd.