ROTOMAG ENERTEC LIMITED

(Formerly known as "Rotomag Motors and Controls Private Limited")

(U34100GJ1993PLC020063)

POLICY ON DIVIDEND DISTRIBUTION

I. Preface:

The Board of Directors (the "Board") of Rotomag Enertec Limited (formerly known as Rotomag Motors and Controls Pvt. Ltd.) (the "**Company**") at its meeting held on **12th June 2025** has adopted this Dividend Distribution Policy (the "**Policy**") as required by Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and shall become effective from the date of its adoption by the Board.

II. Objective of the Policy

The objective of this Policy is to establish the parameters to be considered before declaring or recommending dividend by the Board of Directors of the Company and/or shareholders of the Company and to regulate the process of dividend declaration and its pay-out by the Company which would ensure the right balance between the quantum of Dividend paid and amounts of profits retained in the business for the various purposes.

The Company would endeavor to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

III. Philosophy

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 any other expenses as may be determined by Board and thereafter distributing the surplus profits in the form of dividend to the shareholders.

IV. Regulatory Framework

Regulation 43A of Listing Regulations requires top one thousand listed companies on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

Adhering to best corporate governance practice and to comply with provisions of the Listing Regulations as and when it becomes applicable, [] Limited frames this policy.

V. Category of Dividends

The Board of Directors shall have the power to recommend final dividend to the equity shareholders for their approval in the Annual General Meeting of the Company. Subject to compliance with the provisions of Companies Act, 2013 including the Rules made thereunder and other relevant regulations as applicable from time to time, if any, the Board of Directors shall also have the absolute power to declare interim dividend during any financial year out of the surplus in the profit

and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, as and when they consider it fit in compliance with Companies Act, 2013 and other relevant regulations as applicable from time to time.

VI. 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:

- Profits earned during the financial year
- Retained Earnings
- Earnings outlook
- Present and future capital expenditure plans/working capital requirements of the Company.
- Past Dividend Trends
- Capital expenditure
- Expansion
- Debt repayment
- Any other relevant factors and material events as may be deemed fit by the board

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

- Dividend pay-out ratios of Companies in the same industry.
- Macro-economic environment – Significant changes in macro-economic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates;
- Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged;
- Technological changes – Development in technology which necessitate significant new investments in any of the businesses in which the Company is engaged;
- Capital Markets – Dividend pay-out may depend upon the capital market environment and cost of capital to raise fresh funds through alternate resources;
- Taxation Policy – The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the company for declaring dividends.

vi. Factors to be considered while determining Dividend Pay-Out

The Board shall consider but not limited to the following circumstances as provided below before determination of any dividend payout after analyzing 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 such factors considering the balanced interest of the stakeholders and the business requirements of the Company.

A. **Accumulated Losses, if any**: The profits earned by the Company during any financial year shall be first utilized to set off the accumulated losses/ unabsorbed depreciation, if any of the Company from the previous financial years;

B. **Operating cash flow of the Company:** The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits

C. **Transfer to Reserves and other Statutory Requirements:** The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit;

D. **Prudential & Strategic requirements:** The Board shall analyze the ongoing and prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernization etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company.

E. **Obligations to Lenders:** The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time and subject to the terms and conditions mentioned in the financing documents.

vii. <u>Circumstances under which the shareholders may not expect Dividend</u>

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 Shareholders of the Company may not expect Dividend or expect reduced dividend interalia, but not limited to under the following circumstances:

I. Inadequacy of profits or whenever the Company has incurred losses;
II. Proposed buy-back of securities.
III. Significantly higher working capital requirements adversely impacting free cash flow;
IV. expansion of business, acquisitions or joint ventures requiring significant allocation of capital;
V. Operation of any law in force which restricts payment of dividend in Particular circumstances; and
VI. Any restrictions and covenants contained in any agreement as may be entered with the lenders.

viii. Utilization of Retained Earning

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.
The Company may utilize the retained earnings 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.

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

The Company has issued more than one class of shares. The parameters disclosed above apply to the Equity Shares only. 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.

x. Conflict in Policy

In the event of any conflict between this Policy and the provisions contained in the applicable regulations, such regulations shall prevail. This Policy will be available on the Company's website.

xi. AMENDMENT

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.
In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Director.

xii. BOARD

The Board reserves the right to take any action under this policy which is in the best interest of the Company and/or the shareholders.

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Name of the Policy	Policy on Dividend distribution
Issuing Authority	Board of Director
Document Owner	Priyank Tuiwala Company Secretary
Effective Date	12th June 2025
Release date of Document	12th June 2025

Version	Approval Date	Reviewed by	Changes Made
01	12th June 2025	Board of Directors	Initial release