DIVIDEND DISTRIBUTION POLICY

Engineers India Limited

(As amended and approved by the Board in its 379th Meeting held on 28.01.2025)

- Approved and adopted on 16.11.2016
- First Revision on 09.08.2024

DIVIDEND DISTRIBUTION POLICY

1.0 INTRODUCTION

As per Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Engineers India Limited (the "Company") has framed the Dividend Distribution Policy which is disclosed in the Annual Report and website.

Department of Investment and Public Asset Management ('DIPAM'), Ministry of Finance, Govt. of India vide its Office Memorandum dated 18th November, 2024 has issued revised Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which mandate that CPSEs would require to a pay minimum dividend subject to the limit under extant legal provisions

This policy is now amended in line with the amendment in the DIPAM Capital Restructuring Guidelines, 2024.

2.0 POLICY

2.1 Declaration of Dividend only out of current profits

2.1.1 **Final dividend** - The following shall be considered

Current Year's profit as per Audited Standalone Financial Statements, after providing for depreciation in accordance with law, and after transferring to the reserves of the Company such percentage of profits as may be considered appropriate or as may be prescribed.

2.1.2 **Interim dividend** - The following shall be considered-

(i) Profits as per the unaudited Financial Results for / upto the last quarter after providing for depreciation in accordance with law,

(ii) out of the surplus in the profit and loss account from the closure of financial year till the date of holding the annual general meeting,

(iii) Management estimates on profits for the full financial year.

2.2 Set off of Losses and depreciation of previous years

Before declaring any dividend, the carried over previous losses and depreciation not provided in previous years must be set off against the profits of the Company for the current year.

2.3 Declaration of Dividend out of reserves

Typically, the Company will not declare dividend out of its reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report and website of the Company.

2.4 **Government of India guidelines**

As per the prevailing guidelines issued by DIPAM, Government of India, every Central Public Sector Undertaking ('CPSE') would pay a minimum dividend of 30% of Profit after Tax ('PAT') or 4% of the net worth, whichever is higher subject to the limit, if any, under any extant legal provisions. EIL being a CPSE is also required to comply with these guidelines or any subsequent modification as may be issued from time to time, subject to limits, if any, prescribed under the Companies Act, 2013 read with relevant rules thereunder.

2.5 **Parameters to be considered before declaring dividend**

2.5.1 Financial parameters

(i) Current year profits
(ii) Operating cash flow
(iii) Net worth of the Company
(iv) Past dividend trends

2.5.2 Internal Factors that shall be considered for declaration of dividend

(i) Outlook of the company in line with its business plan
(ii) Future capital expenditure & investment programs
(iii) Working capital requirements
(iv) Fund towards Contingency / Exigency

2.5.3 External factors

(i) Prevailing regulatory and legal requirements, including Government of India guidelines for public sector undertakings, tax regulations and Companies Act provisions.
(ii) Industry trend and market perceptions
(iii) Macro-economic regulations.

2.5.4 **Parameters that shall be adopted with regard to various classes of shares**

EIL has presently only one class of shares i.e., equity shares. As and when it proposes to issue any other class of shares, the policy shall be modified accordingly.

2.6 **Circumstances under which shareholders may or may not expect dividend**

The Board of Directors shall consider the factors provided in this policy before determination of any dividend payout.

The shareholders of the Company may not expect Dividend under the following circumstances:

(i) In the event of inadequacy of profits or whenever the Company has incurred losses;

(ii) Whenever the company undertakes or proposes to undertake a significant capital expenditure or investment in new areas of business whether in EIL itself or in joint ventures / subsidiaries or through inorganic growth;

(iii) Significantly higher working capital requirements adversely impacting cash flows; or

(iv) Whenever the Company proposes to utilize the surplus cash for buy back of securities.

2.7 How the retained earnings will be utilised

The retained earnings shall be utilized for business purposes of the Company and to increase the value of the stakeholders in the long run. Utilization of retained earnings may be for:

(i) Capital expenditure

(ii) Expansion / Investment plans;

(iii) Diversification of business / Inorganic growth;

(iv) Long term Business plans;

(v) Buy back of securities as permitted by law or Bonus Issue

(vi) Other such utilizations as may be deemed fit from time to time.

2.8 Disclosures

(i) The Company shall make appropriate disclosures as required under the Listing Regulations and the Companies Act, 2013.

(ii) The Policy shall be disclosed in the Company's Annual Report and website.

2.9 Amendments to the policy

The Board of Directors shall have the right to modify the policy from time to time, as it may deem appropriate.