

BONFIGLIOLI TRANSMISSIONS LIMITED	Version No.	01
CIN: U29309TN1998PLC040717	Prepared by	Secretarial Department
Registered Office: Plot No. AC7-AC11, SIDCO Industrial Estate, Thirumudivakkam, Kancheepuram, Tamil Nadu, India, 600132	Effective date	February 5, 2026
	Last Amendment on	-

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

Bonfiglioli Transmissions Limited (the “**Company**”) has framed the Dividend Distribution Policy in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”).

2. SCOPE

This policy sets out the various parameters and circumstances considered by the board of directors of the Company for recommending final dividend / declaring interim dividend.

3. PARAMETERS CONSIDERED WHILE RECOMMENDING/ DECLARING DIVIDEND

The board of directors of the Company (“**Board of Directors**”) shall consider the following parameters for declaration of Dividend:

a) Circumstances under which the shareholders may/ may not expect dividend

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 complying with all other statutory requirements under the relevant applicable laws. Company’s immediate expansion plan shall also be an important factor for considering and declaring dividend.

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

- i. the Company has inadequacy of profits or incurs losses for the financial year;
- ii. the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- iii. the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- iv. the Company has significantly higher working capital requirement affecting free cash flow.
- v. the Company proposes to utilize surplus cash for buy- back of securities;

b) Financial/ Internal Parameters

- i. Profits earned and available for distribution during the financial year
- ii. Accumulated reserves, including retained earnings
- iii. Mandatory transfer of profits earned to specific reserves, such as debenture redemption reserve, etc.
- iv. Past dividend trends i.e., rate of dividend, EPS and payout ratio, etc.
- v. Liquidity and return ratios
- vi. Future capital expenditure requirement of the Company
- vii. Capital restructuring, debt reduction, capitalisation of shares
- viii. Crystallization of contingent liabilities of the Company
- ix. Current and projected cash balance and Company's working capital requirements.
- x. Covenants in loan agreements, debt servicing obligations and debt maturity profile.
- xi. Any other significant developments that require cash investments.

c) External Factors

- i. Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- ii. Any political, tax and regulatory changes in the geographies in which the Company operates;
- iii. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- iv. Any changes in the competitive environment requiring significant investment

Board at their discretion and in compliance with applicable rules/ regulations can also recommend/ declare dividend as an exception to above mentioned parameters.

4. MANNER OF UTILISATION 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:

- i. Long term strategic plans
- ii. Market expansion plan
- iii. Modernization plans
- iv. Diversification of business
- v. Replacement of capital assets
- vi. Other such criteria as the Board may deem fit from time to time

5. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Company, as of date, has only Equity shares with the same rights for all the shareholders.

In the event the Company issues in the future any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

6. AMENDMENTS AND MODIFICATIONS

This policy will be reviewed periodically by the Board/ Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy. If the company proposes to declare dividend on the basis of parameters in addition to the aforementioned factors or parameters or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall be disclosed on the Company's website and a web-link shall be provided in the annual reports.

7. INTERPRETATION

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
