

TECHNOPAINTS AND CHEMICALS LIMITED (“The Company”)

Dividend Distribution Policy

(Effective from 30.08.2026 approved by Board of Director on 29.08.2026)

Introduction & Applicability

The Securities and Exchange Board of India vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites. Though the Company does not form part of the top one thousand listed entities based on market capitalisation, the Company vide resolution of its board of directors dated 29.08.2026 has voluntarily resolved to adopt this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted with regard to the equity shares.

Objective

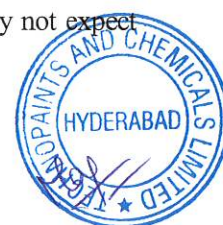
The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc. The Board of Directors (“**Board**”) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The Company aimed at maximization of shareholders’ value and believes that this can be attained by driving growth. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at a general meeting of shareholders. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

Statutory Requirements

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being (hereinafter referred to as “Act”) in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, Regulation 43 A of SEBI Listing Regulations, such other applicable provisions of law and the Articles of Association of the Company as amended.

The Dividend Distribution Policy shall include the following parameters:

- a. The circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. The financial parameters that shall be considered while declaring dividends;



- c. Internal and external factors that shall be considered for declaration of dividend;
- d. Policy as to how the retained earnings shall be utilized; and
- e. Parameters that shall be adopted with regard to various classes of shares.

In case the listed entity proposes to declare dividend on the basis of parameters in addition the clauses (a) to (e) or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

Declaration and payment of Dividend

The Company endeavours to pay dividend within the range of 7% - 15% of the post tax profits as dividend to the shareholders of the Company in any financial year subject to sufficiency of stand-alone profits available for distribution of dividend in the relevant year and the said payout shall be subject to applicable taxes as per relevant regulations. However, the Board reserves the right to recommend a higher or a lower dividend based on the performance of that year and after taking into consideration other factors enumerated above and in compliance with Section 51 of the Companies Act, 2013 the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following: (a) out of the profits of the Company for that year arrived after providing for depreciation; or (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or (c) out of both (a) and (b).

Parameters for declaration of dividend

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

Financial Parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;
- (g) Covenants in loan agreements, Debt servicing obligations and Debt maturity profile;
- (h) Deployment of funds in short term marketable investments;
- (i) Long term investments;
- (j) Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities.

External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (d) Sectorial performance;
- (e) Future uncertainties and industrial downturn;

- (f) Government policy & industry specific rulings;
- (g) Clientele effect;
- (h) Risk effect;
- (i) Applicable taxes including tax on dividends;
- (j) Inflation rate.
- (k) Macro-economic environment
- (l) Regulatory changes
- (m) Technological changes

Internal factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Any proposed mergers and acquisitions;
- (g) Approach adopted - residual, stability or hybrid.
- (h) Past dividend history, rate of dividend, EPS and payout ratio, etc;

Utilisation of retained earnings

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets.

Procedure

Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal which shall be in line with the Parameters mentioned in this Policy.

If the Company proposes to declare dividend on the basis of parameters in addition to this policy or proposes to change such parameters or the dividend distribution policy contained in any of the parameters, it will take necessary note in board meeting and subsequently reflect in the policy.

Classes of Shares

The share capital of our Company is divided into one (1) classes i.e. equity share capital consisting of equity shares of face value ₹10/- each only; Except as stated above, there are no other class of shares issued and as on date of this policy the Company does not have any paid-up preference share capital

convertible into equity shares of the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

Publication of Policy

This Policy, as approved by the Board, shall be disclosed in the Annual Report and is available on the website of the Company.

Amendment

In case of any subsequent changes in the provisions of the Act or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws. Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

Circumstances under which Shareholders of the Company may or may not expect 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:

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

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in “*Parameters for declaration of dividend*” above.

Utilisation of Retained Earnings

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.

Subject to applicable regulations, the Company’s retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, product and market expansion etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Balancing the Capital Structure by de-leveraging the Company
- Any other permissible purpose

Conflict of Policy

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail and in case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Parameters to be adopted with regard to various classes of shares

[To the extent the Company has any holders of preference shares (such shares, the “Preference Shares” and such shareholders, the “Preference Shareholders”), at the time of declaring Dividend, shall be entitled to receive Dividend as per the terms of allotment of their respective Preference Shares and as recorded in the articles of association of the Company, including wherever prescribed in such terms, in priority to the equity shareholders for payment of Dividend. Upon conversion of all outstanding Preference Shares to equity shares in accordance with their terms, this paragraph shall cease to apply.]/[The Company has issued only one class of equity shares with equal voting rights and therefore all shareholders of the Company are entitled to receive the same amount of dividend per equity share. Parameters for dividend payments in respect of any other class of equity shares will be as per the respective terms of issue and in accordance with the Applicable Laws and will be determined, if and when the Company decides to issue other classes of equity shares/preference shares.]

Inapplicability of the Policy

The Policy shall not apply to a distribution by way of bonus shares or buyback of equity shares.

Policy Review and Amendments

The Board may review and amend or modify this policy in whole or in part, at any time. This policy has been adopted by the Board of Directors of the Company at its meeting held on 29.8.2026, being the effective date of this Policy.

Disclaimer

This document does not solicit investments in the Company’s securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company’s equity shares.

The policy 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.

