

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the Regulations') has been amended with effect from 5 May 2021, stating that the top 1,000 listed entities based on market capitalisation calculated as on 31 March of every financial year, shall formulate a Dividend Distribution Policy ('Policy').

2. OBJECTIVE

The objective of this Policy is to enumerate the details of the parameters based upon which the decisions on dividend distribution will be made and provide clarity to the stakeholders on the same.

3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e., 9 August 2021.

4. DEFINITIONS

- a) 'Act' means the Companies Act, 2013 and its Rules ('the Act') made thereunder, including any amendments or modifications thereof.
- b) 'Board of Directors' or 'Board' means the collective body of the Directors of the Company.
- c) 'Company' means Kirloskar Industries Limited.
- d) 'Policy' means 'Dividend Distribution Policy'.

5. PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

- 5.1 The Company shall pay dividend (including interim dividend, if any) in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time.
- 5.2 The Board of Directors will refer to this Policy for declaration of interim dividend and for recommendation of dividend to shareholders for their approval at the Annual General Meetings.
- 5.3 Presently, the Company has issued and allotted only equity shares. Therefore, dividend declared will be distributed equally among the equity shareholders based on their shareholding as on such date as may be determined by the Board of Directors or by the shareholders from time to time.

Kirloskar Industries Limited
A Kirloskar Group Company

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Fergusson College Road, Shivajinagar, Pune- 411005
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Fax: +91 (20) 29704374
Website: www.kil.net.in
CIN: L70100PN1978PLC088972



5.4 The decision on the distribution of dividend will consider the following parameters:

A. FINANCIAL PARAMETERS

- i. The operating and financial performance of the Company
- ii. Earnings Per Share (EPS)
- iii. Operating cash flow of the Company
- iv. Cost of borrowings and obligation to lenders / financial institutions / banks

B. OTHER FACTORS

- i. Proposals for major capital expenditures
- ii. Proposals for inorganic growth
- iii. Contingent liabilities, under exceptional circumstances
- iv. Past dividend trends
- v. Providing for unforeseen events and contingencies with financial implications

C. EXTERNAL FACTORS

- i. Economic environment
- ii. Government policies
- iii. Taxation
- iv. Such other factors which can have financial impact on the Company.

6. 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 profit of the Company, expansion plans, diversification of business and such other criteria as the Board may deem fit from time to time.

7. TARGET DIVIDEND PAYOUT RATIO

Taking the above parameters and criteria into account and in view of the ongoing investments in real estate developments, the Company will aspire to distribute up to 5% of its post-tax profits as dividend, including interim dividends, if any, in a financial year.

Special Dividends, if any, may be declared from time to time in addition to the regular dividend payout.

8. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED ENTITIES MAY OR MAY NOT EXPECT DIVIDEND

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

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- i. In the event of loss or inadequacy of profit.
- ii. Proposed expansion plans requiring higher capital allocation.
- iii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow.
- iv. Requirement of higher working capital for the purpose of business of the Company.
- v. Implementation of a share buyback scheme or any other alternate profit distribution measure.

9. DISCLOSURES

- i. If the company does not declare any dividend or if the final payout for the year is lower than the target percentage referred in Clause 7, the Board will provide a rationale for the deviation from the Policy in the annual report.
- ii. If the Company declares dividend on the basis of parameters not enumerated in this Policy or changes the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in the annual report.
- iii. This Policy will be available on the Company's website at www.kil.net.in

10. AMENDMENT

In case of any subsequent changes in the provisions of Act / Regulation, which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act / Regulation would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

For Kirloskar Industries Limited


Atul Kirloskar
Chairman



Place: Pune

Date: 09 August 2021

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