



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE:

The Board of Directors (the "Board") of **KIRLOSKAR BROTHERS LIMITED** (the "Company"), has adopted this Dividend Distribution Policy ("Policy") in accordance with the requirements prescribed under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations"). The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to its shareholders.

As part of its responsibilities, the Company is required to disclose this Policy in its annual report as well as on its website.

2. SCOPE:

This Policy applies to payment of interim and final dividend by the Company to its shareholders.

3. OBJECTIVE:

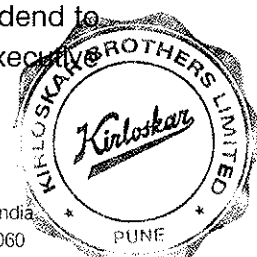
The objective of the Policy is to regulate dividend payment and a well-defined approach to dividend pay-out.

4. DECLARATION OF DIVIDEND:

The Board reserves the right to declare interim dividend/ recommend final dividend to the shareholders during any financial year out of the surplus in the profit and loss account and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 2013 and the rules made thereunder ("Act"), including the Companies (Declaration and Payment of Dividend) Rules, 2014 ("Rules") and other applicable laws and conditions.

5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

5.1 The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable law including the provisions of the Companies Act, 2013, Rules and the SEBI Listing Regulations. The Board, while determining the dividend to be declared or recommended shall take into consideration the advice of the executive management of the Company.





Enriching Lives

5.2 The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve profits for the then ongoing or planned business expansion or other activities for the benefit of the Company.

5.3 The Board may consider declaring interim dividends during the year. Additionally, the Board may recommend the final dividend for the approval of the shareholders at the annual general meeting.

5.4 The dividend for any financial year shall be paid:

- (a) out of the Company's profits for that year (arrived at after providing for depreciation in accordance with applicable law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of the Company); and / or
- (b) out of accumulated profits of any previous financial year(s) in accordance with provisions of the Companies Act, 2013, Rules, Listing Regulations, and any other applicable law, as applicable.

5.5 In the event of inadequacy or absence of profits in any year, if the Board considers appropriate, the Company may declare dividends out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves subject to the fulfilment of the conditions laid down in the applicable law.

6. FINANCIAL PARAMETERS CONSIDERED FOR DECLARATION OF DIVIDEND:

6.1 The Board shall consider the following financial/ internal parameters while declaring or recommending dividend to the shareholders of the Company:

- (a) Investment opportunities, i.e., opportunities for expansion and diversification into new projects, acquisitions and/or any other potential strategic actions that may help the Company grow.
- (b) Liquidity position of the Company.
- (c) Growth in earnings of the Company.
- (d) Restrictions in debt agreements executed with lenders in relation to the payment of dividends.
- (e) Track record of payment of dividend, historically.
- (f) State of the economy and nature of industry.
- (g) Macro-economic and business conditions in general; and
- (h) Any other factors that may be considered by the Board as relevant before declaring dividend.





Enriching Lives

7. INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND:

- **Internal Factors**

- i. Profitability of the Company.
- ii. Working capital requirements.
- iii. Capital expenditure requirements.
- iv. Investment opportunities.
- v. Resources required to fund acquisitions and / or new businesses, diversification of business, expansion/ modernization plans, long term strategic plans.
- vi. Cash flow required to meet contingencies.
- vii. Cost of borrowings vis-à-vis cost of capital, Outstanding borrowings.
- viii. Any other criteria as the Board may deem fit from time to time.
- ix. Contingency requirements.

- **External Factors**

- i. Business cycles.
- ii. Economic environment.
- iii. Cost of external financing.
- iv. Applicable taxes including tax on dividend.

8. UTILISATION OF RETAINED EARNINGS:

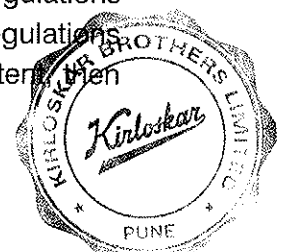
The Company maintains enough retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and reduction of capital, and unanticipated and emergency expenditures. The Company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations, and any other applicable law.

9. AMENDMENTS:

The Board may, subject to applicable law, amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board, in line with the broad intent of this Policy, as and when required.

10. CHANGE IN LAW

In case of any subsequent changes in the provisions of the Act or further rules and regulations / guidelines from the Securities and Exchange Board of India including the Listing Regulations or any other regulations which makes any of the provisions of this Policy inconsistent





Enriching Lives

the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in the Policy would be modified accordingly in due course to make it consistent with applicable laws.

11. DISCLAIMER

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

For Kirloskar Brothers Limited

A handwritten signature in black ink, appearing to read "Sanjay C. Kirloskar".

Sanjay C. Kirloskar
Chairman & Managing Director

Date: September 1, 2021

