



KDDL LIMITED

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

- 1.1 The Dividend Distribution Policy (hereinafter referred to as the “**Policy**”) have been developed in accordance with the extant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”).
- 1.2 The Board of Directors (the “**Board**”) of KDDL Limited (the “**Company**”) has adopted the Policy of the Company as required in terms of Regulation 43A of the Listing Regulations in its meeting held on 28th July, 2022.

2. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 28th July, 2022.

3. PURPOSE, OBJECTIVES AND SCOPE

- 3.1 The Securities and Exchange Board of India (“SEBI”) vide its Gazette Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies (further modified to top 1000 listed firms w.e.f. May-2021) based on their market capitalization calculated as on the 31st day of March of every year.
- 3.2 The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company.

4. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

4.1 FINANCIAL PARAMETERS

- a. **Current year’s earnings of the Company:**
- b. **Operating cash flow of the Company:**
- c. **Cost of borrowings:**
- d. **Obligations to lenders and/or any restrictions placed on dividend distribution:** The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time.
- e. **Capital expenditures :**
- f. **Investment in Subsidiaries :**
- g. **Any other means to reward Shareholders** using the profits and/or reserves of the company: For example schemes of buy-back of shares
- h. **Statutory requirements:** e.g mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc.

4.2 OTHER FACTORS

- a. **Macroeconomic conditions:**
- b. **Cost of raising funds from alternative sources**
- c. **Taxation and other regulatory provisions:** Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.

5. TARGET DIVIDEND

- 5.1 The Company efforts will be to maintain a dividend pay-out ratio (including dividend distribution tax or any other similar tax) in the range of 20% to 35% of the net profit after tax (PAT), and
- 5.2 The Company will also aim to meet at least the average of dividend per equity share paid in the previous 3 years .If, in any year, it is not possible to achieve this due to inadequacy or absence or profit, the Company will try to distribute dividend per share equal to about half the average of previous 3 years.
- 5.3 This pay-out ratio may be altered significantly if the Board decides to propose alternate means of using the profits to reward shareholders
- 5.4 The Board of the Company in its sole discretion may decide to over-rule the parameters above in any year, but in such case the rationale for the decision shall be disclosed in the Annual Report and Website of the Company.

6. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

- 6.1 The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity sharesany point in time, the factors and parameters for declaration of dividend to different classof shares of the Company shall be same as covered above.
- 6.2 The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
- 6.3 The dividends shall be paid out of the Company's distributable profits and/or general reserves and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.
- 6.4 Dividend when declared shall be first paid to the preference shareholders of theCompany, if any as per the terms and conditions of their issue.

7. APPLICABILITY OF THE POLICY

- 7.1 The Policy shall not apply to
 - Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders.
 - Distribution of dividend in kind, i.e., by issue of fully or partly paid bonus shares or other securities, subject to applicable law.
 - Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.