

KAJARIA CERAMICS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. PREFACE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) requires top 500 listed entities (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

Accordingly, in adherence of the stated parameters of Regulation 43A of the Listing Regulations, Kajaria Ceramics Limited (“the Company”) had adopted a Dividend Distribution Policy (“the Policy”) on January 24, 2017.

The endeavour of the management is to divide net earnings into dividends and retained earnings in an optimum way so as to achieve the objective of wealth maximization for shareholders.

2. CONCEPT OF DIVIDEND

“Dividend” includes interim Dividend. The Companies Act, 2013 (“the Act”) neither specifically defines the term Dividend nor makes any distinction between interim and final Dividend.

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

3. PARAMETER/FACTOR GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out 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. The circumstances for dividend pay-out decision depends on various external and internal factors such as:

- a) External Factors: Condition of economic scenario, market scenario, various regulatory restrictions/ obligations, statutory obligations under various Acts, Agreement with lenders/ debenture trustees and any other factor beyond control of the management.
- b) Internal Factors: Future outlook and profitability, mergers & acquisition, expansion/modernisation and other Capex needs, funds, required to meet any contingent liability, buyback and any other factors as deemed appropriate by the Board.

4. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

While deciding on the dividend, micro and macro-economic parameters for the country in general and the Company in particular shall also be considered.

The Board shall endeavor to maintain a Dividend Payout Ratio (Dividend payable / Profit After Tax) at around 40% to 50% of Consolidated Profit After Tax.

5. UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- Declaration of dividend - Interim or Final;
- Issue of fully paid-up bonus shares;
- Augmenting internal resources;
- Repayment of debt;
- Buyback / funding for Capex / expansion plans / acquisition;
- Any other permitted use.

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The circumstances under which the shareholders of the Company may or may not expect dividend would depend upon the factors mentioned in Clause 3 above.

7. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Authorised Share Capital of the Company is divided into Equity Shares of Re. 1/- each and Preference Shares of Rs. 100/- each. Currently, the Company has one class of issued and subscribed shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

8. DISCLOSURE

This revised Dividend Distribution Policy shall be disclosed pursuant to the applicable laws.

9. EFFECTIVE DATE

This revised Dividend Distribution Policy will be effective from January 21, 2021.

10. REVIEW / AMENDMENT

This revised Dividend Distribution Policy may be amended by the Board, from time to time, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the provisions of the Act and the Listing Regulations, from time to time. Any subsequent amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

This revised Dividend Distribution Policy has been approved by the Board of Directors of the Company at their meeting held January 21, 2021.