

## DIVIDEND DISTRIBUTION POLICY

### **OBJECTIVE:**

The Board of Directors (the “Board”) of **Kothari Industrial corporation Limited (the “Company”)** at its meeting held on **14<sup>th</sup> February, 2026** had adopted this Dividend Distribution Policy (**the “Policy”**) as required by **Regulation 43A** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

### **LEGAL PROVISIONS:**

As per Section 2(35) of the Companies Act, 2013, “Dividend” includes any interim dividend. In common parlance, “dividend” means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them. In case of listed companies, Section 24 of the Companies Act, 2013 confers on SEBI, the power of administration of the provisions pertaining to non-payment of dividend.

### **EFFECTIVE DATE:**

This Policy shall come into effect from the date of approval by the Board of Directors at its meeting held in the year 2026 and shall remain in force until modified, amended, or rescinded by the Board in accordance with applicable laws and regulatory requirements.

### **PURPOSE:**

Company mandatory to have a Dividend Distribution Policy in place, by the top one thousand hundred listed companies based on their market capitalization calculated as on the 31st day of December of every year. The Company being one of the top One hundred listed companies as per the market capitalization as on the 31st day of December 2025, the Board of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also 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 the shareholders.

## **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:**

The Company shall comply with relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve as provided in the Companies Act, 2013 which may be applicable to the Company at the time of taking decision on declaration / recommendation of dividend.

The Company shall pay dividend in compliance with the provisions of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend), Rules, 2014

The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

## **THE COMPANY MAY DECLARE DIVIDENDS, SUBJECT TO THE PROVISIONS OF THE COMPANIES ACT, 2013, SEBI (LODR) REGULATIONS, 2015 AND OTHER APPLICABLE LAWS, UNDER THE FOLLOWING CIRCUMSTANCES:**

### **(A) AVAILABILITY OF DISTRIBUTABLE PROFITS**

Dividends may be declared when the Company has adequate **distributable profits**, either for the current financial year or out of accumulated profits of previous financial years, after providing for depreciation, statutory reserves, taxes, and other mandatory appropriations, in accordance with applicable law.

### **(B) ADEQUATE CASH FLOWS AND LIQUIDITY**

The declaration of dividends shall be considered based on the Company's **cash flow position and liquidity**, ensuring that sufficient funds are available to meet operational requirements,

debt servicing obligations, and other financial commitments, without adversely impacting the day-to-day functioning of the Company.

### **(C) NO MATERIAL ADVERSE IMPACT ON FINANCIAL STABILITY**

Dividends may be declared only when such declaration does not have a **material adverse impact on the financial stability, capital structure, or long-term sustainability** of the Company, and does not compromise its ability to pursue growth opportunities and strategic objectives.

### **PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND:**

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

#### **FINANCIAL/INTERNAL FACTORS:**

- Net profits generated and distributable surplus for the relevant financial year
- Balance of reserves and surplus, including retained earnings carried forward
- Statutory or contractual requirement to appropriate profits to designated reserves (e.g., Debenture Redemption Reserve)
- Historical dividend pattern, including dividend rate, earnings per share (EPS) and dividend payout ratio.
- Consistency and sustainability of earnings over the years
- Anticipated capital expenditure and investment needs of the Company
  
- Planned expansion initiatives, both through internal growth and acquisitions/strategic investment.
- Proposed capital reorganisation, deleveraging measures, or issuance/bonus capitalisation of shares.

#### **EXTERNAL FACTORS:**

- Prevailing macro-economic conditions at the domestic as well as international level.

- Adverse or volatile market situations
- Amendments or shifts in Government regulations, policies, and statutory requirements.
- Expenses involved in mobilising funds through alternative funding avenues.
- General level of inflation and its impact on purchasing power.
- Perception and expectations of shareholders regarding returns.
- Cost implications associated with obtaining funds from external sources.

### **QUANTUM AND MANNER OF DIVIDEND PAYOUT:**

Subject to the circumstances and scenarios mentioned above, the Company shall endeavor to maintain a total dividend pay-out ratio in the decided range of the annual standalone profits after tax (PAT) of the Company. Under the applicable provisions of the Act, the Company's ability to declare and pay dividends is based on the standalone Financial Statements only. In future should the regulations be amended permitting the Company to pay dividend based on its Consolidated Profits, the Board would consider such a payout ratio on its Consolidated Profits. Till such time, The Company will endeavor to have a policy on dividend distribution with a similar payout ratio across its subsidiaries and to the extent possible, in its joint ventures after discussions with its partners.

The mode of payment of dividend by the Company shall be governed by Regulation 12 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), read with the applicable provisions of the Companies Act, 2013 and the rules made thereunder. Dividends shall be paid to shareholders through permissible electronic modes or by physical instruments, as may be prescribed, to ensure timely and efficient distribution.

In addition, the Company shall comply with the following related provisions of SEBI LODR as part of this Dividend Distribution Policy, formulated in accordance with Regulation 43A:

**I. REGULATION 29** - companies to intimate the stock exchanges prior to declaration of dividend.

**II. REGULATION 42(2)-** The listed entity shall give notice in advance of at least 3 [three] working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date.

**III. REGULATION 43 -** a listed entity shall declare and disclose the dividend on per share basis only and that it shall not forfeit unclaimed dividends before the claim becomes barred by law.

#### **UTILISATION OF RETAINED EARNINGS:**

The Company shall endeavour to utilise its retained earnings prudently and in a manner that serves the long-term interests of both the Company and its shareholders.

Retained earnings may be deployed for strategic investments, future growth and expansion initiatives, capital expenditure, debt reduction, strengthening of working capital, or other value-accretive opportunities aimed at enhancing shareholder returns. The utilisation of retained earnings shall be subject to the approval of the Board of Directors and in compliance with applicable laws and regulations.

#### **SPECIFIC CLAUSE WITH REGARD TO DIVIDEND ON SHARES WITH DIFFERENTIAL VOTING RIGHTS:**

At present, the share capital of the Company comprises only of equity shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

#### **DEVIATION FROM THE POLICY:**

In the event of any circumstances that warrant a departure from the Dividend Distribution Policy, the Board of Directors may, at its discretion, recommend or declare dividends that deviate from the provisions of the Policy, after taking into consideration the financial position of the Company, prevailing market conditions, statutory requirements, and the best interests of the stakeholders. Any such deviation shall be justified by detailed reasons and disclosed in



the Board's Report and/or on the Company's website, as required under applicable laws and SEBI (LODR) Regulations.

**DISCLOSURES OF THE POLICY:**

The Policy shall be disclosed in the Annual report and on the website of the Company i.e.

<https://www.kotharis.in/>

**POLICY REVIEW AND AMENDMENTS:**

The Policy will be reviewed periodically by the Board and shall be made available in the website effective from 14<sup>th</sup> February 2026. The revision in the policy shall be update in the website time to time upon the approval by the Board of Directors of the Company.