

KSB LIMITED

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND

Securities and Exchange Board of India, vide its notification dated 8th July, 2016 has inserted Regulation 43A after the Regulation 43 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”). The said Regulation requires to formulate a dividend distribution policy.

Accordingly, this Policy is formalized by the Board of Directors (“the Board”) of KSB Limited (“Company”) at its meeting held on 25th October, 2016. This Policy will be applicable effective from the financial year 2017.

2. OBJECTIVE AND CONSIDERATIONS

It is the Policy of the Board, to reward the shareholders regularly by sharing profits earned by the Company. The Board would also consider declaration of bonus shares at appropriate time by capitalising accumulated profits and permissible reserves of the Company.

The factors to be considered while arriving at the quantum of dividend(s) are:

- i. Current year profits and business outlook in line with the development of internal and external environment.
- ii. Operating cash flows and financial position.
- iii. Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
- iv. Providing for unforeseen events and contingencies with financial implications.

The Board will also consider retention of capital to maintain a healthy financial position to support liquidity and / or future growth of the Company’s various subsidiary and associate companies.

3. UTILISATION OF RETAINED EARNINGS:

The Board will consider dividend distribution on the basis of various provisions of the Companies Act, 2013 and their assessment of the need to retain resources for growth of operating businesses and liquidity maintenance. The Company will pay applicable Dividend Distribution Tax on the dividends declared and paid.

If for any year, there is inadequacy of profits, liquidity constraint in the economy and similar situations and there is a need to preserve resources based on these considerations and in this scenario if the Board is of the

opinion that the Company should preserve its resources, it may recommend/declare a lower or no dividend. The Board may also decide to recommend/declare a lower or no dividend in case they have made a decision whereby the Shareholders have been rewarded by a corporate action such as issue of bonus shares, buy-back of shares etc.

4. FREQUENCY OF DIVIDEND DISTRIBUTION

In normal course, the Board will consider one dividend for a financial year. The dividend will be usually paid based on the financial performance of the full year. In addition, the Board may consider interim dividend for a financial year based on the considerations stated in this policy.

5. TYPES OF CAPITAL

The Company has only equity share capital as on date.

6. DISCLOSURE OF THIS POLICY

The Company shall disclose this policy on its website and in its Annual Report.

7. AMENDMENT TO THIS POLICY

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes from time to time.