

**KENT R O SYSTEMS LTD**

**DIVIDEND DISTRIBUTION POLICY**

## Revision History

Date	Author	Section	Change Description	Reason for Change	Version
8 <sup>th</sup> Jan 2025	PK Trivedi	Complete Policy	New policy drafted	NA	v1.0

PK Trivedi

## INTRODUCTION

The Board of Directors ("Board") of **KENT RO SYSTEMS LIMITED** ("Company"), in its meeting held on **08<sup>th</sup> January 2025**, adopted this Dividend Distribution Policy ("Policy") in accordance with the provisions of the **Companies Act, 2013** and the rules made thereunder ("Act") and **Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**, each as amended ("Listing Regulations"). This Policy shall be effective from the date of its adoption by the Board.

The Company shall declare and pay dividends in compliance with the Act and Listing Regulations. This Policy provides a transparent framework to guide the Board in its decisions regarding the distribution or retention of profits, ensuring the interests of shareholders are appropriately considered.

## OBJECTIVE

The objective of this Policy is to establish parameters for:

1. **Distribution of Dividend:** To define the circumstances under which a dividend may be declared or recommended to shareholders.
2. **Retention of Profits:** To identify scenarios where profits may be retained for reinvestment in business development or other purposes.

The Company aims to maintain a consistent approach to returning value to shareholders while meeting its long-term growth objectives through internal cash accruals.

## CATEGORIES OF DIVIDENDS

The **Companies Act, 2013**, provides for two types of dividends: **Final Dividend** and **Interim Dividend**.

### A. Final Dividend

- Declared after the preparation of annual accounts based on the profits as per audited financial statements after providing for depreciation.
- Recommended by the Board of Directors and approved by shareholders in the General Meeting.
- Paid once in a financial year.

### B. Interim Dividend

- Declared by the Board of Directors during the financial year, based on profits from quarterly or half-yearly financial statements.
- The Board has the authority to declare interim dividends as it deems fit.

## CIRCUMSTANCES FOR DIVIDEND PAYMENT OR RETENTION OF PROFITS

### Dividend Payment

The decision to distribute dividends depends on several factors, including:

1. **Statutory Requirements:** Compliance with all relevant provisions of the Companies Act, 2013, and applicable regulations.
2. **Financial Performance:** Evaluation of profitability during the relevant financial period.
3. **Other Parameters:** Consideration of factors outlined below.



## Dividend Retention

In cases where profits are retained:

- The rationale for retention and its intended utilization (e.g., business expansion, capital expenditure, or contingency reserves) shall be disclosed in the Annual Report.

## PARAMETERS FOR DIVIDEND DECLARATION

### Internal/Financial Parameters

The Board shall consider the following internal factors:

1. Profits earned during the financial year.
2. Accumulated reserves, including retained earnings.
3. Stability and sustainability of earnings.
4. Current and future capital expenditure plans or working capital requirements.
5. Past dividend trends.
6. Proposed share buyback plans, if any.
7. Minimum cash requirements for contingencies or unforeseen events.
8. Any other factors deemed relevant by the Board.

### External Factors

The Board shall consider the following external factors:

1. **Industry Trends:** Dividend payout ratios of peers in the same industry.
2. **Macro-Economic Environment:** Changes in economic conditions affecting business performance.
3. **Regulatory Changes:** New or amended regulations that impact the Company's business or financial stability.
4. **Technological Advancements:** Investments necessitated by evolving technologies.
5. **Capital Market Conditions:** The environment in capital markets and the cost of raising additional funds.
6. **Taxation Policies:** The impact of tax rates on distributable profits.

## UTILIZATION OF RETAINED EARNINGS

Retained earnings may be utilized for:

1. Expansion of business operations and investment in future growth.
2. Capital expenditure plans, research and development, and innovation.
3. Strengthening the Company's reserves to ensure financial stability.
4. Distribution to shareholders in subsequent years, as approved by the Board.
5. Any other purpose in alignment with the Company's strategic objectives.



## PARAMETERS FOR DIFFERENT CLASSES OF SHARES

Currently, the Company does not issue multiple classes of shares. If the Company issues different classes of shares in the future, the dividend distribution parameters for such classes shall be determined by the Board in compliance with applicable laws.

**DISCLOSURE REQUIREMENTS**

1. The Company shall disclose this Policy on its website and in the Annual Report, as per Regulation 43A of the Listing Regulations.
2. Any deviations from the Policy, along with reasons, shall be clearly disclosed to shareholders.

**AMENDMENTS TO THE POLICY**

The Company is committed to periodically reviewing and updating its policies and procedures to ensure continued relevance and compliance with applicable laws. Any modifications, amendments, or waivers to this Policy shall be:

1. Approved by the Board of Directors through a resolution.
2. Communicated to shareholders by updating the policy on the Company’s website and including relevant details in the Annual Report.

**DISCLOSURES**

- The Policy will be available on the Company's website and the weblink of the Policy along with other requisite details, if any will also be disclosed in the Company's annual report.
- If the Company declares dividend on the basis of parameters not enumerated in this Policy or changes the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in the annual report and on its website.
- Information on dividends paid will be made available on the website of the Company in the following format:

Year	Dividend per Share (Rs.)	Dividend (%)	Payout Ratio (Standalone) (%)	Payout Ratio (Consolidated) (%)

