

Dividend Distribution Policy

▪ **Preamble & Objective**

Kingfa Science & Technology (India) Limited (“the Company”) has been committed in rewarding its shareholders by the distribution of its Profits via Dividend.

In accordance with the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy to regulate the process of distribution of dividend to the shareholders and/ or retaining 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 retention of profits in the interest of shareholders.

The Policy reflects the intent of the Company to reward the shareholders by sharing a portion of its profits after retaining sufficient funds for the Company’s growth, to meet its long-term objectives & other purposes. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years and also comparable with the peers in industry.

▪ **Parameters to be considered while declaring dividend**

❖ Financial Parameters

- Operating and financial performance of the Company
- Earnings Per Share (EPS)
- Operating cash flow of the Company
- Cost of borrowings
- Obligation to lenders / financial institutions / banks

❖ Internal Factors

- Proposals for major capital expenditures
- Product/ market expansion plan
- Proposals for inorganic growth
- Contingent liabilities under exceptional circumstances
- Past Dividend trends
- Providing for unforeseen events and contingencies with financial implications.

❖ External Factors

- Statutory requirements
- Economic environment
- Capital Market
- Government policies
- Taxation
- Such other factors, which can have impact on the Company

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- **Utilisation of retained earnings :**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- ❖ Market and Product expansion plan;
- ❖ Automation and Modernization plan;
- ❖ Diversification of business;
- ❖ Long term strategic plans;
- ❖ Replacement of capital assets;
- ❖ Where the cost of debt is expensive;
- ❖ Other such criteria as the Board may deem fit from time to time

- **Circumstances under which the shareholders may expect or may not expect dividend**

The shareholders of the Company may not expect dividend in following circumstances, subject to discretion of the Board of Directors:

- ❖ Proposed expansion plans requiring higher capital allocation.
- ❖ Decision to undertake any acquisitions / amalgamation / merger / joint ventures /
- ❖ new product launches, etc. which requires significant capital outflow.
- ❖ Requirement of higher working capital for the purpose of business of the Company.
- ❖ Implementation of buyback scheme or any other alternate profit distribution measure.
- ❖ In the event of loss or inadequacy of profit.

- **Amendment**

To the extent any change/amendment is required in terms of any applicable law, the Board of Directors of the Company shall review the Policy and accordingly make necessary. Till the time such amended policy is approved and adopted, this Policy shall be read in such a manner so as to give effect to the amendments.