

**KWALITY WALL'S (INDIA) LIMITED**

**DIVIDEND DISTRIBUTION POLICY**

## 1. INTRODUCTION

Kwality Wall's (India) Limited ("Company") has formulated this Dividend Distribution Policy in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and it has been duly approved by the Board of Directors of the Company ("Board").

This Policy aims to provide shareholders with a clear understanding of the framework governing dividend distribution by the Company. The Board of Directors shall recommend dividends in alignment with this Policy, in compliance with the Companies Act, 2013, the applicable Rules, and other relevant legal provisions.

## 2. DIVIDEND PAYOUT

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is more than its immediate and foreseeable needs back to the shareholders over the long-term. Interim dividend is considered for declaration by the Board based on the performance of the Company during the Financial year and final dividend is based on the overall annual performance. The final Dividend is paid once for the financial year. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Dividend will be declared out of the current year's Profit after Tax of the Company. In certain circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

## 3. PARAMETERS GOVERNING DIVIDEND DECLARATION

### a. *Circumstances under which shareholders may or may not expect dividend*

- i. Shareholders may expect dividend when the Company has stable profits, adequate cash flows, and no immediate or foreseeable funding requirements for business operations or growth.
- ii. Conversely, shareholders may not expect dividend in circumstances such as:
  - Insufficient profits or losses during the financial year;
  - Requirement of funds for business expansion, acquisition, or capital expenditure;
  - Adverse market conditions or significant economic uncertainty; and
  - Regulatory restrictions or unforeseen events impacting liquidity.

### b. *Financial parameters to be considered while declaring dividend*

- i. The actual quantum of dividend pay-out on a yearly basis will depend on, among others, the following financial parameters:
  - Profitability and retained earnings;
  - Cash flow and liquidity position;
  - Future capital expenditure and investment plans;
  - Borrowings and repayment obligations; and
  - Interim dividend, if any, already declared during the year.

c. *Key internal and external factors to be considered for declaration of dividend*

i. *Internal Factors:*

- Existing and expected underlying financial performance;
- Cash flow and liquidity position;
- Capital expenditure and investment plans;
- Acquisitions and disposals;
- Restructuring activities; and
- Future requirement of funds.

ii. *External Factors:*

- Macro- economic environment;
- Unfavourable market conditions and consumer trends;
- Changes in regulatory requirements; and
- Inflation rates

#### **4. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILISED**

As such, any amount retained may be utilised for securing the long-term growth objectives of the business including but not limited to:

- Issuance of bonus shares;
- Share buy back; and
- Inorganic growth opportunities, including restructuring activities/ mergers, etc. as may be approved by the Board.

#### **5. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has only one class of equity shares. If and when the Company issues any other class of shares, the Board shall determine the dividend rate, entitlement, and priority for such classes in accordance with the terms of issue and applicable laws.

#### **6. CONFLICTS IN POLICY**

- a. This Policy is framed based on the provisions of the Listing Regulations.
- b. In case of any subsequent changes in the applicable law which make the provisions in the Policy inconsistent with the applicable law, the provisions of the applicable law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.

#### **7. POLICY REVIEW**

##### **REVIEW OF THE POLICY**

The Board may review and amend this Policy from time to time, as may be deemed necessary.

## **8. DISCLOSURE**

This Policy (as amended from time to time) will be available on the Company's website and in the annual report.

## **9. Date of Approval & Amendment, if any:**

The Policy is approved and adopted by the Board of Directors of the Company on 12 December 2025 and is effective from the same date.

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