



STANDARD PROCEDURE

PROCEDURE NO.: KIL Legal - 02

REVISION: 01 **PAGE:** 1 of 4

SUBJECT / TITLE: Kennametal India Limited (KIL) Dividend Distribution Policy

<p>This page is a record of all revisions of the Procedure or Work Instruction.</p>	<p>For convenience, the nature of the revision is briefly noted under remarks. Please review the attached procedure to assure complete understanding of all relevant changes, additions, or deletions. Unless otherwise stated, this revision should be implemented upon receipt.</p>			
REV.	BY	PAGES	REMARKS	
00	Kundan	1 - 3	Original Release.	
01	Naveen	1 - 4	Amended and updated in line with extant laws and Regulations.	
REV.	ISSUED BY		APPROVED BY	APPROVAL DATE
00	Mr. Kundan K. Lal		Board of Directors of KIL	February 2, 2017
01	Mr. Naveen Chandra		Board of Directors of KIL	August 12, 2022



Kennametal India Limited

Dividend Distribution Policy

1. Background and Applicability

In accordance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Kennametal India Limited has in place a Dividend Distribution Policy (**the “Policy”**) to bring in transparency in the best interests of all shareholders.

The Company currently has only one class of shares, viz. Equity, to whom this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

2. Dividend distribution philosophy

The Company is deeply committed to driving superior value creation for all its Shareholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring immediate as well as long term needs of the business.

3. Dividend

Dividend shall mean Dividend as defined under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Regulations**”) together with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

Interim and Final Dividend

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by the Regulations.

4. Policy

4.1 The Company believes in rewarding its shareholders as and when the funds are available for distribution as dividend and generally strive to declare Dividend and to recommend the same to the Members at the Annual General Meeting of the Company.

4.2 The dividend frequency could be 2-3 years, but the Board shall have all the prerogative to decide such other frequency as deemed appropriate.

4.3 The Company aims to target long term dividend yield consistent with peer average.

4.4 The Company aims to target long term dividend payout ratio after considering the needs of business reinvestment.

5. Circumstances under which shareholders can expect Dividend

The Board will assess the Company's financial requirements, including present and future, organic and inorganic growth opportunities and other relevant external and internal factors and declare Dividend in any financial year.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with the provisions of the Act and Regulations, as applicable.

6. Financial parameters and other internal and external factors which would be considered for declaration of Dividend:

- Distributable surplus available as per the Act and Regulations;
- The Company's liquidity position and future cash flow needs;
- Track record of Dividends distributed by the Company;
- Payout ratios of comparable companies;
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Cost and availability of alternative sources of financing;
- Stipulations/ Covenants of loan agreements;
- Macroeconomic and business conditions in general; and
- Any other relevant factors which the Board may deem fit to consider before declaring Dividend.

7. Utilization of retained earnings

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.;
- Buyback of shares subject to applicable limits;

- Payment of Dividend in future years;
- Issue of Bonus shares; and
- Any other permissible purpose

8. Disclosure of this Policy

The Company shall disclose this Policy in line with the requirements of the applicable laws and Regulations as amended from time to time.

9. Modification of the Policy

The Board is authorized to change/amend/alter this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations etc.

10. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it assurance of guaranteed returns (in any form), for investments in the Company's equity shares.
