

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M K Proteins Limited has adopted Dividend Distribution policy at its meeting held on 20<sup>th</sup> May 2023 being the effective date of the Policy.

### 2. POLICY OBJECTIVE

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an annual general meeting of shareholders in case of final dividend. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

### 3. DEFINITIONS

- i. **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- ii. **“Board”** shall mean the Board of Directors of the Company.
- iii. **“Company”** shall mean M K Proteins Limited.
- iv. **“Companies Act”** shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India from time to time.
- v. **“Dividend”** includes any interim dividend.
- vi. **“Key Managerial Personnel”** of the Company means the Managing Director or Chief Executive Officer or Whole-time Director or Manager, Chief Financial Officer and the Company Secretary and any other personnel appointed by the Company under Section 2(51) of the Act.
- vii. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification or re-enactment thereof.
- viii. **“Policy”** means Dividend Distribution Policy.
- ix. **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India, as amended, from time to time.
- x. **“Securities”** means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.
- xi. **“Subsidiaries”** means a company (ies) in which the Company controls the composition of the Board or exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

- xii. **“Stock Exchange”** shall mean a recognized Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

Words and expressions used and not defined in this Policy but defined in the Act and Rules and Regulations made thereunder, the Securities Contracts (Regulation) Act, 1956 and the Listing Regulations or any other Applicable Law in force shall have the meaning(s) respectively assigned to them in those legislations.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Regulations 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

#### **4. POLICY**

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalized and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation;  
or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

#### **A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND**

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend. The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

##### **a) Financial parameters and Internal Factors:**

- i. Operating cash flow of the Company;
- ii. Profit earned during the year;
- iii. Profit available for distribution;
- iv. Accumulated Profits;
- v. R & D Expenditure
- vi. Free Reserves;
- vii. Earnings Per Share (EPS);
- viii. Working capital requirements;
- ix. Capital expenditure requirement;
- x. Business expansion and growth;
- xi. Likelihood of crystalization of contingent liabilities, if any;
- xii. Up gradation of physical infrastructure;
- xiii. Creation of contingency fund;
- xiv. Acquisition of business;

- xv. Cost of Borrowing; and
- xvi. Past dividend payout ratio / trends.

**b) External Factors:**

- i. Economic environment;
- ii. Capital markets;
- iii. Global conditions;
- iv. Statutory provisions and guidelines; and
- v. Dividend payout ratio of competitors.

**B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY EXPECT DIVIDEND**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

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

The Dividend including Interim Dividend for any financial year shall normally be paid out of the Company's 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 and free reserves of any previous financial year(s) in accordance with provisions of the Companies Act, 2013 and Regulations, as applicable.

**C. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY NOT EXPECT DIVIDEND**

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

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company; and
- iv. In the event of loss or inadequacy of profit.

**D. UTILIZATION OF THE 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 expansion plan;

- Product expansion plan
- Infrastructure enhancement;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

#### **E. MANNER OF DIVIDEND PAYOUT**

##### **a) In case of final dividend:**

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

##### **b) In case of interim dividend:**

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

#### **F. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably modified at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

#### **5. NON APPLICABILITY OF POLICY**

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;
- Issue of Bonus Shares by the Company; and
- Buyback of Securities.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

## **6. POLICY REVIEW AND AMENDMENTS**

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

## **7. DISCLOSURES**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www, mkproteins.in](http://www.mkproteins.in).

## **8. DISCLAIMER**

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

## **9. Policy Governance**

The responsibility of implementation of the Policy is with the Executive Director or the Company Secretary of the Company.