

SHREE RAM PROTEINS LIMITED

DIVIDEND DISTRIBUTION POLICY

This policy sets the guideline to be followed while deciding on payment of dividend to its shareholders by the Company in accordance with the provisions of Companies Act, 2013 (the Act) and applicable rules thereunder.

Preamble:

Dividend ordinarily means a portion of the profit of the Company which is distributed amongst the shareholders. The cardinal principle for dividend payment is that the disbursement has to be only out of profits earned by the Company. It is up to the management and the Board of Directors to strike a balance between plough back of profits for growth and distribution of dividend to shareholders.

Various internal and external factors are considered while declaring/recommending dividend. This policy aims to frame an approach to maintain consistency in dividend pay-out and strike a balance between the shareholders' expectations and retention of profit for business requirements.

Policy for declaration of dividend:

The Act empowers the Board of Directors to declare dividend in two forms –

Interim and Final.

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of:

- i) Current financial year's profit:
 - a) After providing for depreciation in accordance with law;
 - b) After transferring to reserves as may be otherwise considered appropriate by the Board at its discretion or as such amount prescribed under the Act.
- ii) The profits for any previous financial year(s):
 - a) After providing for depreciation in accordance with law;
 - b) Remaining undistributed; or
- iii) Out of i) & ii) both.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one-off charge on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or resulting from change in accounting policies or accounting standards.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

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Deciding criteria for dividend declaration and utilization of retained earnings:

The Company recognizes that shareholders seek returns in form of dividend as well as capital appreciation; hence, the Board of Directors will endeavor to consider this aspect along with several internal and external factors while deciding the dividend criteria.

Under this policy the Board will consider the following external factors while deciding on the dividend payout.

External factors:

1. Industry outlook/scenario of the OEM customers - Where the outlook is positive the Board may consider increasing dividend.
2. Overall economic scenario - In case of uncertainty or recessionary economic and business conditions the Board should consider retaining large portion of profits to build reserves for unforeseen circumstances.
3. Statutory/Regulatory requirements – the Board will ensure adherence to statutory and regulatory restrictions, if any, under the Act/ Regulation/Notifications with regard to declaration of dividend. Also, covenants of lending banks/financial institutions will need to be complied with.
4. Business cycles - When the Company is experiencing trajectory growth and good profits, the Board may consider it prudent to build reserves for future dips.

The Board will also take cognizance of following internal factors while deciding dividend pay-out in addition to the aforesaid external factors.

Internal factors:

1. Profit earned during the year which shall be measured by various ratios like net profit ratio, current ratio, debt-equity ratio and ratio of profit on total assets.
2. Cash flow after considering repayment of borrowings, if any.
3. Capex requirements of existing business.
4. Acquisition and / or expansion plans.
5. Investment needs of subsidiary companies.
6. Stability of dividend pay-out.
7. Any other factor that the Board may consider appropriate.

The Board will have to judiciously weigh the external and internal factors for the dividend pay-out to maintain consistency of dividend payouts. It is expected that with improvement in results the dividend pay-out will improve.

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Circumstances under which shareholders may not expect dividend:

In case of,

1. Business loss.
2. Inadequate cash flow.
3. Severe economic downturn.

Review of the policy:

This policy shall be reviewed by the Board from time to time.