

**DIVIDEND DISTRIBUTION POLICY**  
**OF**  
**JK FILES & ENGINEERING LIMITED**

## INTRODUCTION AND OBJECTIVE

In compliance with the provisions of the Companies Act, 2013 and rules made thereunder (the "Act") and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by JK Files & Engineering Limited (the "Company"). The Company in compliance with the requirements of Regulation 43A on voluntary basis as a part of good corporate governance, has adopted this Dividend Distribution Policy (the "Policy") *inter-alia* to elaborate the parameters to be considered by the Board before declaring / recommending any dividend distribution, keeping in view the Company's policy of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Board of Directors may, at their discretion deviate from the parameters listed in the Policy. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

## PARAMETERS TO BE CONSIDERED FOR DECLARING / RECOMMENDING DIVIDEND

### a) Financial / Internal factors

- Profits earned during the financial year, accumulated reserves and distributable profits
- Working capital and capital expenditure requirement
- Financial commitments with respect to the borrowings undertaken / proposed to be undertaken and interest thereon
- Financial requirement for business expansion and/or diversification
- Capital requirements for maintenance of appropriate capital adequacy ratio
- Provisioning for financial implications arising out of unforeseen events and/or contingencies
- Past dividend declaration trend of the Company
- Such other factors and/or material events which the Board of Directors may consider relevant

### b) External Factors

- Legal requirements / regulatory restrictions
- Macro Economic environment
- Cost of borrowing and covenants, if any, with lenders
- Business outlook for the future years
- Government policies
- Prevalent market practices

## CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

While the decision to declare / recommend dividend shall primarily be dependent on the parameters mentioned above, the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Broad adverse macro economic scenario which may require the Board to retain a larger portion of profits to build up reserves
- Proposed expansion / diversification plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow

- Regulatory restrictions / obligations which may restrict the issue of dividends
- Requirement of higher working capital to support business and operations of the Company
- Proposal for corporate action requiring significant capital outflow such as buy-back of securities
- Cost of raising funds from alternate sources
- Funds for meeting contingent liabilities
- In the event of loss or inadequacy of profit or cash flow available for distribution
- Other factors beyond control of the Company like natural calamities, fire etc. effecting the operations of the Company
- Any other factor as deemed appropriate by the Board of Directors.

#### **UTILIZATION OF RETAINED EARNINGS**

The Company would utilise retained earnings in a manner which is in the interest of the Company and its stakeholders. Retained earnings of the Company may be utilised for the following:

- Implementation of expansion / diversification plans
- Funding for capex
- Repayment of debt
- Issue of fully paid-up bonus shares
- Support business / operational requirements of the Company
- Such other events which the Board of Directors may consider relevant

#### **OTHER PARAMETERS TO BE CONSIDERED FOR DIVIDEND TO VARIOUS CLASSES OF SHARES**

Currently, the Company has issued equity shares and preference shares and has only one class of equity shares which rank pari-passu which respect to voting and dividend rights. In the event of the Company issuing any other class(es) of shares, this Policy shall be updated to include parameters to be considered while declaring dividend to such class(es) of shares.

#### **DIVIDEND PAY-OUT RATIO AND FREQUENCY**

The dividend pay-out ratio shall be as determined by the Board of Directors as a percentage of the post tax distributable profits of the Company as on the end of financial year immediately preceding the financial year in which the dividend is being declared. The Board may normally declare dividend twice a year (interim and final) within this range.

#### **DISCLOSURES**

The Policy shall be disclosed on the website of the Company.

#### **REVIEW OF POLICY**

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.