

MARINE ELECTRICALS (INDIA) LIMITED

DIVIDEND DISTRIBUTION POLICY

I. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, [**“Listing Regulations”**] vide circular no. SEBI/LAD-NRO/GN/2021/22 dated 05th May, 2021, the Board of Directors of the Company have approved and adopted the Dividend Distribution Policy [**“Policy”**] of the Company.

Regulation 43A of the Listing Regulations makes it mandatory for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy.

The Company being one of the top 1000 listed companies as per the market capitalization as on the last day of the immediately preceding financial year, i.e. 31st March, 2021, frames this Policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. OBJECTIVE

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company’s growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

III. DEFINITIONS

- a. “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

- b. “Applicable laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- c. “Board” or “Board of Directors” shall mean Board of Directors of the Company, as constituted from time to time.
- d. “Company” shall mean Marine Electricals (India) Limited
- e. “Dividend” shall mean Dividend as defined under Companies Act, 2013.
- f. “Financial year” shall mean the period starting from 1st day of April and ending on the 31st day of March every year.
- g. “Free reserves” shall mean the free reserves as defined under Section 2 (43) of the Act.

IV. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

1. Factors for recommendation/ declaration of Dividend.

a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year’s net operating profit;
- ii. Operating cash flow of the Company
- iii. Capital expenditure and working capital requirements;
- iv. Financial commitments w.r.t. the outstanding borrowings and interest thereon;
- v. Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses;
- vi. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
- vii. Past dividend trend.

b. External Factors

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws;
- ii. Economic conditions;
- iii. Prevalent market practices.
- iv. Inflation rate,
- v. Changes in the Government policies, industry specific rulings & regulatory provisions

2. Circumstances under which the shareholders of the Company may or may not expect dividend.

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.

3. Manner of utilisation of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of Free reserves available for distribution of dividend, after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

4. Other factors to be considered with regard to various classes of shares.

Presently, the issued share capital of the Company comprises of only one class of equity shares of face value of Rs. 2/- each which rank *pari passu* with respect to all their rights. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted w.r.t. such class(es) of shares. All the members of the Company are entitled to the same amount of dividend per equity share based on their shareholding as per record date.

V. GENERAL

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- ii. The Company shall ensure compliance with the applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.

VI. MODIFICATION/AMENDMENT:

The Board of Directors shall approve any modifications/deviations to the policy and will be the competent authority for any interpretation regarding the policy from time to time.

The policy will be available on the Company's website www.marineelectricals.com

The link to the policy will also be disclosed in the Company's annual report.