

SIMRAN AGROVET LIMITED

CIN: U15400MP2017PLC043674

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE AND BACKGROUND:

This Dividend Distribution Policy (hereinafter referred to as the “Policy”) establishes a comprehensive framework designed to serve as guiding principles for recommending or declaring dividends for any financial year by the Company. The Policy seeks to harmonize the dual objectives of fostering the growth of the Company while enhancing Shareholders’ value.

As defined in Section 2(35) of the Companies Act, 2013, the term ‘dividend’ includes any interim dividend, reflecting an inclusive rather than exhaustive definition. According to commonly accepted definitions a “dividend” represents the profit of a Company that is not retained for business purposes and is distributed among shareholders in proportion to the paid-up amounts on their shares.

Through this Policy, the Company aspires to maintain a fair, transparent, and consistent approach to its dividend payout strategies. The Policy has been crafted in alignment with the provisions outlined in the Companies Act, 2013, while also considering applicable guidelines from SEBI, RBI, and other regulatory frameworks.

Typically, dividends are disbursed for a financial year following the completion of the final accounts, once distributable profits are determined. The final dividend for a financial year is payable only upon declaration by the Company at its Annual General Meeting, based on the Board of Directors’ recommendation. Additionally, the Board may declare interim dividends between Annual General Meetings, provided they are authorized by the Articles of Association. Generally, dividends are distributed to shareholders on a specified date (the book closure date) from profits or reserves/ accumulated profits.

This Policy serves as a general declaration of intent, with the actual declaration of dividends requiring corporate action based on the circumstances at that time. Furthermore, the payment of any such dividend will be subject to applicable laws and regulations, the Articles of Association, available cash flows, and the Company’s capital needs.

It is essential to understand that this Policy does not replace the Board's annual decision-making process regarding dividend recommendations, which takes into account all relevant circumstances and factors as determined by the Board of Directors based on all relevant factors.

2. INTRODUCTION:

Simran Agrovat Limited (hereinafter referred to as “Company”) was incorporated as a private limited company on 6th July, 2017 namely “Simran Agrovat Private Limited” under the Companies Act, 2013 vide Certificate of Incorporation (COI) dated January 7th July, 2017 issued by Registrar of Companies, Gwalior (M.P.). Further, Our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra Ordinary General Meeting held on 11th

December, 2024. A fresh Certificate of Incorporation consequent to conversion was issued on 26th December, 2024 by the Registrar of Companies, Gwalior (M.P.) and consequently the name of our Company was changed from “Simran Agrovet Private Limited” to “Simran Agrovet Limited”.

The Board of Directors (“the Board”) of **Simran Agrovet Limited** (“the Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company has adopted the Dividend Distribution Policy (“the Policy”) and procedures with respect to Dividends declared/recommended by the Company in accordance with the provisions of Section 123 to 127 of the companies Act 2013 and (Declaration and Payment of Dividend) Rules, 2014 as amended from time to time.

3. DEFINITION:

- “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- “Applicable Laws and Regulations” 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 Acts, Rules or Regulations which provide for the distribution of dividend.
- “Company” shall mean Simran Agrovet Limited
- “Board” or “Board of Directors” shall mean Board of Directors of the Company.
- “Dividend” shall mean Dividend as defined under Companies Act, 2013 and shall include interim dividend.
- “Policy” or “this Policy” shall mean the Dividend Distribution Policy.

4. OBJECTIVE

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/ recommended on the equity shares of the Company.

5. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Subject to the provisions of the Companies Act, 2013, dividend shall be declared or paid only out of:

- Profit of the current year after providing of the depreciation; or
- Profit of the previous financial year or years after providing for depreciation for previous years; provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded;

- Out of the money provided by Central or State Government for payment of dividend in pursuance of guarantee given by that Government, if any.
- No dividend shall be declared or paid by a company from its reserves other than free reserves.
- No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of PAT to be distributed among shareholders of the Company and the amount of PAT to be retained for business.

Dividend is declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, considering relevant laws and other factors into consideration, to be paid to the shareholders. The Board may also declare interim dividends taking into consideration the cash flows of the Company and its stakeholders.

The Board will consider the factors mentioned under Clause 7 below and before determination of any dividend payout, analyse the prospective opportunities and threats, viability of the option of dividend payout or retention, our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. etc. If the Board concludes that it is financially prudent not to recommend dividend, it may recommend no dividend. In that case, reason(s) thereof and information on utilization of the undistributed profits, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

7. FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

A. Financial Parameters

- Profit After Tax;
- Working Capital requirements;
- Capital expenditure requirements and alternative use of cash;
- Outstanding borrowings
- Available cash and cash flow requirement to meet any unforeseen events & contingencies/ group's capital requirements.
- Dividend received by the company.
- Net worth of the company
- Dividend Payout Ratio (including all applicable taxes on distribution).
- In case the dividend is paid out of the reserves, the balance of reserves after such withdrawal shall not fall below 25% of company's paid up share capital as appearing in the latest audited financial statement.

B. Developments in internal and external environment.

- Opportunities available for growth/expansion/ modernisation
- Past Dividend Trends
- Expectations of shareholders
- Prudential requirements
- Industry Conditions
- Customers and suppliers concentration and their financial health
- Statutory Provisions and Guidelines
- Policies of the Government (Centre and state)
- Dividend Pay-out Ratios of companies in same industries i.e. Peer Group Comparison
- Economic Environment
- Any other factor as the Board may deem fit

8. MANNER AND TIMELINES FOR DIVIDEND PAYOUT

A. Interim Dividend

Pursuant to provisions of Section 123 of the Companies Act, 2013 and rules made thereunder, the Board may declare interim dividend or recommend final dividend, payable to the existing shareholders of the Company subject to shareholders' approval. The Board, as they deem fit, may declare the interim dividend, one or more times in a financial year in line with this policy. This would be in order to supplement the annual dividend or in exceptional situations. Whereas, the final dividend is paid once for the financial year after the annual accounts is prepared.

- Interim Dividend(s), if any, shall be declared by the Board of Directors.
- The payment of Interim Dividend, if declared, shall be made to the shareholders as per the applicable laws within 30 days from the date of declaration of Interim Dividend.

B. Final Dividend

The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders in an Annual General Meeting. The Company may consider to declare dividend annually subject to availability of profits after providing for the expenses, depreciation and other necessary deductions and after complying with other applicable statutory provisions of the Companies Act, 2013

- Recommendation for final dividend, if any, shall be done by the Board of Directors and shall be subject to approval of the shareholders of the Company in Annual General Meeting.
- The payment of dividends shall be made to the shareholders as per the applicable law within 30 days from the date of approval of final dividend.

- In case no final dividend is declared, Interim Dividend, if any, will be regarded as final dividend in AGM.

9. EXCLUSIONS

This Policy shall not be applicable in the following circumstances: -

- Capitalizing of profits by way of bonus issue of fully or partly paid up securities
- Declaration of dividend on preference shares (as and when issued), since the same will be governed by terms of issue of such shares
- Buyback of shares

10. AMENDMENT(S):

- The Board may change/amend this Policy from time to time at its sole discretion and/or pursuant to any amendments made in the Companies Act, 2013 or any other Statutory Regulations.
- In case of any clarification(s), circular(s) etc. issued by the relevant authorities, not being inconsistent with the provisions laid down under this Policy, then this Policy shall be read along with such clarification(s), circular(s) so issued, from the effective date as laid down under such clarification(s), circular(s) etc. In case of any conflict in the Policy and regulatory provisions then regulatory provisions shall prevail.

11. DISCLOSURES:

The Company shall disclose this Policy in its Annual Reports & Website.

12. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board.