



SHIVASHRIT FOODS LIMITED

“DIVIDEND DISTRIBUTION POLICY”

Approving Authority	Board of Directors of the Company
Version no.	1.0
Effective date	February 7, 2025
Review cycle	As recommended by the Board of Directors of the Company

Objective:

This Policy is framed in accordance with the requirement under Regulation 43A of Listing Regulations, (including any amendments thereof). The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend the dividend by referring to this Policy, the provisions of Companies Act, 2013 and Rules made thereto, Listing Regulations and other applicable legal provisions,

Definitions:

Unless repugnant to the context:

- a) **"Companies Act or Act"** shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.
- b) **"Board of Directors" or "Board"** means the Board of Directors of Shivashrit Foods Limited, as constituted from time to time.
- c) **"Company"** means Shivashrit Foods Limited.
- d) **"Members/Shareholders"** shall mean shareholders of the Company who hold shares of the Company.
- e) **"Policy"** means this Dividend Distribution Policy.
- f) **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).
- g) **"Dividend Payout Ratio"** it is calculated as a percentage of dividend payable in a year" (excluding dividend tax" (if any) to net profit during the year").
- h) **"Final Dividend"** means the Dividend recommended by the Board of Directors and declared by the Members at an Annual General Meeting.
- i) **"Interim Dividend"** means the Dividend declared by the Board of Directors.
- j) **"Free Reserves"** means such reserves which, as per the latest audited balance sheet of a Company, are available for distribution as Dividend. However, the following amount shall not be treated as free reserves:
 - any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or
 - any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Companies Act 2013 or other applicable laws.

For Shivashrit Foods Limited 3/7


Director

Parameters for Distribution of Dividend:

The Board of Directors of the Company may consider inter-alia the following factors/ parameters:

- a) The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Companies Act, 2013.
- b) The Board of Directors will refer to this policy for declaration of interim dividend and for recommendation of dividend to shareholders for their approval in the Annual General Meeting.
- c) The Company has only one class of shareholders – equity shareholders. Therefore, dividend declared will be distributed equally among all Equity shareholders, based on their shareholding as on the record date. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.
- d) The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other factors described in this Policy.
- e) The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company. The decision on the distribution of dividend will consider, inter-alia, the various financial/ internal and external factors including the financial position of the Company.

Internal Factors:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets,
- ii. Cash flow position of the Company,
- iii. Accumulated reserves
- iv. Earnings stability
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- vi. Brand acquisitions,
- vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- viii. Deployment of funds in short term marketable investments,
- ix. Long term investments,

- x. Capital expenditure(s),
- xi. The ratio of debt to equity (at net debt and gross debt level), and
- xii. Any other relevant factors that the Board may deem fit to consider before declaring Dividend

External Factors:

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Industry outlook for the future years,
- vi. Inflation rate,
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions, and
- ix. Any other relevant factors that the Board may deem fit to consider before declaring Dividend

Utilization of Retained Earnings:

The Company may declare dividend out of the profits of the Company for the year, or out of the profits of any previous year or years or, out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. Profits retained in the business will be invested in the business / operations of the Company and may be used for augmenting working capital, repayment of borrowings, funding capital expenditure / acquisition(s) and for all other corporate purposes.

Manner of Dividend Payout:

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.

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.

The Policy shall not apply to:

- i. Dividend to Preference Shareholders.
- ii. Distribution of cash or other assets to Equity Shareholders pursuant to buyback of shares.
- iii. Issue of fully paid-up bonus shares or other securities to Equity Shareholders or converting partly paid-up equity shares to fully paid-up shares.

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 revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Circumstances under Which the Shareholders May Not Expect Dividend:

The shareholders of the Company may not expect Dividend under the following circumstances:
In the event of inadequacy of profits or whenever the Company has incurred losses;

- i. Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- ii. An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- iii. Allocation of cash required for buy-back of securities;
- iv. Any of the above referred internal or external factors restraining the Company from considering dividend;
- v. For any other reason as the Board may deem fit from time to time.

Disclosures:

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e., at <https://shivashritfoods.com/>

Policy Review and Amendments:

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority and other relevant external factors. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.

Further, in the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or any other statutory enactments or rules, the provisions of SEBI Listing Regulations or the Companies Act, 2013 or statutory enactments or rules made thereto shall prevail over this Policy.
