

DIVIDEND DISTRIBUTION POLICY OF AGRO TECH FOODS LIMITED

The Board of Directors (the “Board”) of Agro Tech Foods Limited (the “Company”) has adopted the Dividend Distribution Policy (the “Policy”) of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) in its meeting held on 22nd July 2021.

1. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 22nd July, 2021.

2. PURPOSE, OBJECTIVES AND SCOPE

The Securities and Exchange Board of India (“SEBI”) vide its Notification dated May 05, 2021 has amended the Listing Regulations and amended Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top one thousand listed companies based on their market capitalization calculated as on the 31st day of March of every year. Considering the provisions of the aforesaid amended Regulation 43A, the Board of Directors (the “Board”) of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

3. GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following-

Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management, and other relevant factors.

4. CONSIDERATIONS RELEVANT FOR DECISION OF DIVIDEND PAY-OUT

The Board shall consider the following, while taking decisions of a dividend payout during a particular year-

Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be

applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

Agreements with lending institutions

The decision of dividend pay-out may be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

Proposals for major Capital Expenditures, Acquisitions etc.

While evaluating the Dividend Payout the Board will take into consideration Capital Expenditure or Acquisitions which are required to support the rapid growth of the Company's Foods business, replacement of Capital Assets and Augmentation of Capital Stock and Capital required for Market Expansion.

Expectations of major stakeholders, including small shareholders

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who usually expect a regular dividend payout.

5. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

External Factors

Taxation and other regulatory concern

Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.

Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Internal Factors

Past performance/ reputation of the Company

The trend of the performance/ reputation of the Company that has been during the past years determines the expectation of the shareholders and the Board will endeavor to have a consistency in dividend payout and to the extent possible avoid significant swings and changes.

Working capital management in the Company

The Working Capital management system within the Company could impact the decision of dividend declaration.

6. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors provided above, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

7. MANNER OF DIVIDEND PAYOUT

Below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of Final dividends

1. 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.
2. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

Interim dividends: The Board may also declare an interim dividend.

8. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Capital expenditure plan
- Business expansion plans
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- working capital requirements
- Where the cost of debt is expensive;
- Other such criteria as the Board may deem fit from time to time.

9. AMENDMENT

Any subsequent modification/amendment in the Listing Regulations shall automatically apply to this Policy. To the extent any modification/amendment, if required, the Managing Director or Company Secretary and Compliance officer of the Company are severally authorized to review and amend the Policy, to such extent required.