

## **SOFTVAN LIMITED**

### **DIVIDEND POLICY**

#### **1. INTRODUCTION**

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Board of the Company, has adopted this Policy.

As per Regulation 43A of the SEBI Listing Regulations, as amended from time to time, top 500 listed entities (based on market capitalization as calculated as on 31st March of every financial year) are required to frame dividend distribution policy and disclose the same in their annual report and on their websites. Since the Company is expected to fall within the aforesaid class, it is required to formulate and disclose its Dividend Distribution Policy in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Board of Directors of the Company of the Company at the duly convened Board Meeting held on 30th March, 2025 and would be effective from the date of listing on stock exchange.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;
- Issue of bonus shares by the Company; and
- Buyback of securities.

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.

#### **2. DEFINITIONS**

- (i). “Act” shall mean the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- (ii). “Board” shall mean board of directors of the Company.
- (iii). “Company” shall mean Softvan Limited.
- (iv). “Dividend” includes any interim dividend.
- (v). “Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- (vi). “Policy” shall mean this dividend distribution policy.

(vii). “Stock Exchange” shall mean a recognised Stock Exchange on which the securities of the Company are listed.

### **3. POLICY**

The objective of this Policy is rewarding shareholders and retaining capital for growth. Ensuring fairness, sustainability and consistency in distributing profits to shareholders.

#### **A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND**

The dividend pay-out decision of the Board depends upon certain financial parameters and internal and external factors, including:

##### **Financial parameters and Internal Factors:**

- Operating cash flow of the Company
- Profit earned during the year
- Profit available for distribution
- Earnings Per Share (EPS)
- Level of Debt
- Past dividend payout ratio / trends
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiaries and associates of the company
- Upgradation of technology and physical infrastructure
- Creation of contingency fund
- Level of Debt
- Past dividend payout ratio / trends

##### **External Factors:**

- Economic environment and market conditions
- Global conditions
- Prevailing legal requirements, regulatory condition or restriction laid down under the applicable laws including tax laws

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

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy

capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit.

### **C. UTILIZATION OF THE RETAINED EARNING**

The Board may retain its earnings in order to make better use of the funds available and increase the value of the stakeholders in the long run after having due regard to the parameters laid down in this Policy and in exceptional circumstances, including but not limited to Loss after Tax in any particular financial year, the retained earnings may be utilized in accordance with the provisions of the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time.

### **D. 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.

#### **4. PARAMETERS ADOPTED IN RELATION TO VARIOUS CLASSES OF SHARES**

The Company has issued only one class of equity shares with equal voting rights. Accordingly, all members are entitled to receive the same amount of dividend per equity share. The Policy shall be suitably modified upon the issue of equity shares of a different class.

#### **5. POLICY REVIEW AND AMENDMENTS**

The Board reserves the power to review and amend this Policy from time to time. All provisions of this Policy would be subject to revision or amendment in accordance with applicable law as may be issued by relevant statutory, regulatory or governmental authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.