DIVIDEND
Distribution Policy

This policy applies to **Agrani Insurance Company Limited** (referred to as "The Company"). It pertains to the declaration and distribution of dividends to the company's shareholders. Additionally, subsidiaries, if any, will align their dividend policies with that of the company and obtain confirmation from their respective Board of Directors.

Declaration

1. **The profit generated in the current year:**

   a) After accounting for depreciation and taxes as required by law.

   b) After transferring a prescribed amount of profit to reserves.

2. **The profits from previous financial year(s):**

   a) After accounting for depreciation as required by law.

   b) If any remaining profits were not distributed in previous years.

   c) In cases where the current year's profit is insufficient: The Company may declare dividends from the accumulated distributable amount from previous years.

3. **In cases where the current year's profit is insufficient:**

   The Board should refrain from using borrowed funds to pay dividends, except in situations where it helps bridge the timing difference between dividend payments and the generation of positive cash flows, provided that there is sufficient profit. It is advisable to avoid significant variations in dividend rates.

Dividend Equalization Reserve

To ensure consistent dividend distribution from year to year, the company has the option to establish a dividend equalization reserve. This reserve can be created by allocating a portion of the distributable profit at intervals. When there is insufficient current profit available to pay the desired dividend amount, funds can be transferred from this reserve to the distributable profit, thus maintaining consistency in dividend distribution.

Factors to be considered before declaration of Dividend

The company aims to distribute the highest possible consolidated Profit after Tax (PAT) as dividends. However, due to being in the initial stage of growth, substantial capital, including internal accruals, needs to be reinvested. Therefore, for the next three years, the Board will have discretion in declaring dividends based on the capital requirements of the company's portfolio business.

Past dividend payments may not necessarily reflect future dividend amounts. The form, frequency, and amount of future dividends will be determined at the discretion of the Board and subject to shareholder approval. Several factors will be considered, including but not limited to:

1. Revenues;
2. Cash Flows;
3. Financial Condition, Including the Capital Position;
4. Capital Requirements;
5. Profit Earned In the Financial Year;
6. Liquidity;
7. Future Expansion Plans;
8. Applicable Taxes on Dividends for Recipients, Including Dividend Distribution Tax (If Applicable);
9. Comparison of Retained Earnings and Expected Returns from the Business;
10. Opportunities for Adequate Cash Utilization;

In summary, future dividend decisions will be based on various factors, and the Board will carefully consider the company's financial position, growth plans, and the need for reinvestment before determining dividend amounts.

Timing of Dividend

1. Interim dividends will be announced by the Board after reviewing the interim Profit and Loss (P&L) Account and Balance Sheet for the specific period. These statements will consider the full-year profit, depreciation, taxation (including deferred tax), and any projected losses for the year.
2. Final dividends will be declared during the Annual General Meeting (AGM) of shareholders. The Board will make recommendations based on a thorough examination of the audited financial statements for the year.