MAITREYA MEDICARE LIMITED

POLICY ON DIVIDEND DISTRIBUTION

1. PREAMBLE AND BACKGROUND

1.1. Dividend is profits earned by the company and divided amongst the shareholders in proportion to the amount of paid-up shares held by them. Simply stated it is a return on investment made by the shareholders.

1.1. The term 'dividend' has been defined under Section 2(35) of the Companies Act, 2013. The term "Dividend" includes any interim dividend. It is an inclusive and not an exhaustive definition. According to the generally accepted definition, "dividend" means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.

1.2. A dividend is not regarded as expenditure; rather, it is considered a distribution of assets among shareholders. A company can retain its profit for the purpose of re-investment in the business operations (known as retained earnings), or it can distribute the profit among its shareholders in the form of dividends.

1.3. Dividends are usually payable for a financial year after the final accounts are ready and the amount of distributable profits is available. Dividend for a financial year of the company (which is called 'final dividend') are payable only if it is declared by the company at its Annual General Meeting on the recommendation of the Board of directors. Sometimes dividends are also paid by the Board of directors between two Annual General Meetings without declaring them at an Annual General Meeting (which is called 'interim dividend') if so authorized by its Articles of association.

1.4. Generally, dividend is paid by a company to its shareholders on a particular date (book closure date) either out of profits or out of reserves / accumulated profits.

1.5. As Maitreya Medicare Limited (hereinafter referred to as "Company") is a company incorporated and registered in India under the Companies Act, 2013 and is listed on SME and hence is governed by the rules and regulations related to declaration and payment of dividend.

1.6. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 under regulation 43A has specified the formulation of a dividend distribution policy for the top 500 listed entities based on market capitalization which shall be disclosed on the website of the Company & a web link shall also be provided in their Annual Reports. In view of that it is recommended on part of company to formulate the Dividend Distribution

Policy of the Company hereinafter referred to as "Maitreya Medicare Ltd Dividend Distribution Policy"("CFHLDDP").

2. OBJECTIVES

2.1 To define the policy and procedures of the Company in relation to the calculation, declaration and settlement of Dividends and the determination of the form and time periods within which Dividends are paid.

2.2 To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment of Dividends.

2.3 To create a transparent and methodological Dividend policy, adherence to which will be required before declaring dividends.

2.4 The Company will review this Policy annually and make necessary changes if deemed necessary or as and when there is regulatory changes, new regulations, direct ions, guidelines issued by the regulatory/government authorities from time to time.

3. SCOPE, LAW AND REGULATION OF DIVIDEND

3.1 The declaration and payment of dividend are governed by various provisions of the Companies Act, 2013 and most importantly chapter - VIII from section 123 to 127 deals with "Declaration and payment of dividend"; The Companies (Declaration and Payment of Dividend) Rules, 2014 ; Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; section 27 of Security Contract Regulation Act, 1956; Income Tax Act, 1961; Secretarial Standards on Dividend (SS-3); NHB Guidelines/ Circulars/ Notifications, Master Direction – Non-Banking Financial Company– Housing Finance Company (Reserve Bank) Directions, 2021, FEMA 1999, SEBI Guidelines/Circulars etc. as amended from time to time and to the extent applicable.

3.2 The Company will adhere to the provisions of Law as per Clause 3.1 above, as amended from time to time and to the extent applicable.

3.3 The policy set out herein relate to Equity Shares only and not applicable to preference shares. However, Board reserves the right to modify this policy to accommodate the preference shares or make a separate policy for preference shares in accordance with applicable provisions of Law as per 3.1 above as and when it deems fit and necessary.

3.4 The policy set out herein generally relates to final Dividend, certain principles also apply to Interim Dividend declared by the Board of Directors, as stated hereinafter.

3.5 **Trading Window:** In terms of regulation 2(1) (n) of SEBI (Prohibition of Insider Trading), 2015, declaration of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information" hence company shall comply with norms / compliances of trading window read with company's insider Trading Policy viz. Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders pursuant to regulation 9 of SEBI (Prohibition of Insider Trading), 2015.

3.6 **Secretarial Standards:** The Company will comply with Secretarial Standards as and when the secretarial standards are notified enforced by the Ministry of Corporate Affairs.

3.7 **Right / Title to dividends:** It shall be governed by section 27 of Security Contract Regulation Act, 1956 and other applicable laws, rules and regulation as amended and enforced from time to time.

3.8 The management will discuss and recommend to the Board of Directors on dividend considering the circumstances or factors but not limited to the following:
a) Future expansion plans
b) Profit earned during the current financial year
c) Overall financial conditions
d) Cost of raising funds from alternative sources
e) Applicable taxes [including dividend distribution tax / tax deductible at source on dividend (TDS) as the case may be.]
f) Money market conditions
g) Macro-economic situations, etc

4. GENERAL TERMS

4.1 Basis of recommending dividend: The dividends are declared at the Annual General Meeting of the Company, based on recommendations of the Board of Directors (Board).

4.2 **Free Reserves:** The word "Free reserves" has been defined by Section 2(43) of Companies Act, 2013 to mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend. However, the following shall not be treated as free reserves: any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a 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, shall not be treated as free reserves.

Clause 4.1.15. of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, defines "Free reserves" to include the balance in the share premium account, capital and debenture redemption reserves and any other reserve shown or published in the balance sheet of the company and created through an allocation of profits, not being (1) a reserve created for repayment of any future liability or for depreciation in assets or for bad debt or (2) a reserve created by revaluation of the assets of the company;

4.3 **Bonus Shares:** The Bonus shares shall not be issued in lieu of dividend in terms of section 63(3) of the Companies Act, 2013.

4.4 **Payment of dividend proportionately:** In terms of section 51 companies are permitted to pay dividends in proportion to the amount paid-up on each share when all shares are not uniformly paid up, i.e. pro rata (in proportion or proportionately, according to a certain rate). The Board of Directors of a company may decide to pay dividends on pro-rata basis if all the equity shares of the company are not equally paid-up. The permission given by this section is, however, conditional upon the company's articles of association expressly authorizing the company in this regard.

4.5 **Interim dividend:** The Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared. In case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years in terms of section 123 (3) of Companies Act, 2013.

4.6 **Final Dividend:** It is declared by members at an Annual General Meeting as "Ordinary Business" in terms of section 102(2)(ii) of the Companies Act, 2013 only if recommended by the Board of Directors and at a rate not more than what is recommended by the directors in accordance with the articles of association of a company.

4.7 **Powers to SEBI:** As our company is listed, Section 24 of the Companies Act, 2013 confers on SEBI, the power of administration of the provisions pertaining to non-payment of dividend. In any other case, the powers remain vested in Central Government.

4.8 **No buy back if default in payment of dividend:** In accordance with Section 70, a company cannot buy its own shares if apart from other things provided in the section; it makes default in payment of dividend to any shareholder.

4.9 **Debenture Redemption Reserve:** Where debentures are issued by a company, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures in terms of section 71 (4) of the Companies Act, 2013.

4.10 **Dividend Payout Ratio:** The dividend payout ratio measures the percentage of Net Profit (PAT) that is distributed to shareholders in the form of dividends during the year. In other words, this ratio shows the portion of profits, the company decides to keep to fund operations and the portion of profits that is given to its shareholders. It is calculated by dividing the proposed dividend (excluding taxes on dividend) by the Profit after tax and depreciation.

5. PARAMETERS FOR DECLARATION OF DIVIDEND

5.1 **Depreciation must be provided:** No dividend shall be declared or paid by the Company for any financial year unless it is paid

- Out of profits for that year arrived at after providing depreciation in accordance with provisions of Section123(2) of the Companies Act or
- Out of accumulated profits of the company for any previous financial year or years arrived at after providing depreciation and remaining undistributed or
- Out of both above or
- Out of money provided by the central government or a state government for payment of dividend in pursuance of a guarantee given by that government

5.2 **Depreciation as per schedule-II:** Depreciation, as required under Section 123(1) of the Companies Act has to be provided in accordance with the provisions of Schedule II to the Act.

5.3 **Transfer to Reserves:** A company may, before declaration of any dividend transfer such percentage of its profits for that financial year as it may consider appropriate to reserves in terms of the first proviso of Section 123(1)(b). The Board of directors is given freedom to decide the percentage of transfer of profits to reserves which includes Special Reserve, Additional Reserve, General Reserve etc. before declaring a dividend.

5.4 **Dividend from Free Reserves:** In terms of third proviso of Section 123(1)(b) of the Companies Act, 2013 no dividend shall be declared or paid by a company from its reserves other than free reserves.

5.5 Maximum Amount of Dividend:

The management upon compliance of the above clause no. 5.1 to 5.4 may recommend to the Board of Directors the dividend at a rate (inclusive of the dividend distribution tax/ tax deductible at source on Dividend, as the case may be as per the applicable Finance Act) of any of the following:

a) Maximum of Dividend payout ratio of 20%.

b) Minimum of 20% of the paid up Equity share capital.

While recommending such dividend the management will also take into account dividends declared during the preceding 3 years.

Not with-standing the above, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions if any, during the year, capital conservation prudence, or other exigencies which shall be stated by the Board.

5.6 **Retained Earnings Utilization:** The retained earnings i.e., profit after tax, transfer to the free reserves and dividend (inclusive of tax), will be utilized by the Company for future expansion plans, deployment for advances, Capital adequacy, etc.

5.7 **Classes of Shares:** The Company has presently Equity Shares Preference Shares and the Dividend distribution policy specifically formed for this class of shares.

6. PAYMENT OF DIVIDEND

6.1 **Time limit for deposit of dividend:** The amount of the dividend, including interim dividend, must be deposited in a scheduled bank in a separate account within five (5) days from the date of declaration of such dividend. Dividend once declared by the shareholders becomes a debt and payable unlike in the case of interim dividend. But the restriction to deposit within five (5) days of declaration even the interim also ensures that the Board cannot go back on the commitment made by its declaration in terms of section123(4).

6.2 **Time limit for payment of dividend:** The dividend has to be paid within 30 days from the date of declaration or such other period as is applicable by law. The dividend settlement date will be decided by the Managing Director/whole-time Director.

6.3 Requirement related to declaration and payment of Dividend under SEBI (LODR) Regulations, 2015: As our company's securities are listed on NSE, an intimation of at least 2 working days (excluding the date of the intimation and date of the meeting of the Board) is required to be given to aforesaid stock exchange(s) in terms of Regulations 29(1) and (2) of SEBI LODR, prior to the meeting of the Board at which the recommendation of final dividend is to be considered. In terms of Regulation 30, the outcome of the meeting shall be intimated, online, immediately to the above Stock Exchanges within 30 minutes of the closure of the board meeting.

In terms of Regulation 43(1) of the SEBI LODR, the Company shall declare and disclose the dividend on per share basis only.

In terms of Regulation 42(3) of the SEBI LODR, the Company shall recommend or declare all dividend at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

6.4 **Dividend to be paid to Registered Shareholders:** In terms of Section 123(5) of the Companies Act, no dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash. Provided that nothing in this sub-section shall be deemed to prohibit the capitalization of profits or reserves of a company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the company.

6.5 **Mode of payment of dividend:** Any dividend payable in cash shall be paid by using any of the electronic mode of payment facility approved by the Reserve Bank of India. Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued and the dividend amount exceeds Rs.1500/-, the 'payable-at-par' warrants or cheques shall be sent by speed post.

For the above purpose, the Company, through its Registrar & Share Transfer Agent (RTA) shall maintain bank details of their investors [(a) for investors holding securities in dematerialized mode, by seeking the same from the depositories. (b) for investors holding securities in physical mode, by updating bank details of the investors at their end]. The Company/RTA shall mandatorily print the bank account details of the investors on such payment instruments and in cases where the bank details of investors are not available, the listed entity shall mandatorily print the address of the investor on such payment instructions.

6.6 Payment of Dividend Distribution Tax (DDT) / Tax deductible at source on dividend) Dividend distribution tax / TDS on dividend will be paid as per the applicable laws, as amended from time to time.

6.7 **Prohibition on declaration and payment of dividend:** A company which fails to comply with the provisions of sections 73 (Prohibition on acceptance of deposits from public) and Section 74 (Repayment of deposits, etc., accepted before commencement of this Act) of the Companies Act, 2013 shall not, so long as such failure/default continues, declare any dividend on its equity shares in terms of Section123(6).

6.8 Right of dividend to be held in abeyance pending registration of transfer shares shall be governed in terms of section 126(a) as amended from time to time.

6.9 **Determine record date/book closure:** The Company shall determine the date of closure of the register of members and the share transfer register of the company as per requirements of Section 91 of the Companies Act, 2013 read with Regulation 42 of the SEBI LODR. The Company shall give notice in advance of atleast seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date. The date of commencement of closure of the transfer books should not be on a day following a holiday. The dates so fixed should also not clash with the clearance programme in the stock exchanges.

6.10 **Publishing of Book Closure Notice:** The Company shall give atleast a 7 days prior notice by advertisement, stating the dates of closure of its transfer books/record date, at least once in a vernacular newspaper in the vernacular language having a vide circulation in the district in which the registered office of the company is situated and at least once in English language in an English newspaper circulating in the district and has wide circulation in the place where the registered office is located and publish the Notice on the website of the Company in terms of Rule 10 of the Companies (Management and Administration) Rules, 2014.

6.11 **Time gap between two book closures:** The time gap between two book closure and record date would be at least 30 days in terms of Regulation 42(4) of SEBI LODR.

6.12 **Initial validity of the Dividend warrant should be for three months:** A cheque or warrant for payment of Dividend should be valid for three months from the date thereof and, where such cheque or warrant remains unpaid after this initial period of validity, it should be revalidated for not more than three months or a fresh instrument should be issued which should have a validity of three months.

6.13 **Revalidation within what period:** The Company should revalidate the Dividend warrant or issue a fresh Dividend warrant or a demand draft or pay order or electronic transfer of funds, in lieu thereof, within 30 days of the receipt of a request for revalidation.

6.14 **Duplicate Dividend warrant:** A duplicate Dividend warrant should be issued only after the expiry of the validity of the Dividend warrant and the reconciliation of the paid amounts thereof. In case the original instrument is not tendered to the company, a duplicate warrant should be issued only after obtaining requisite indemnity/ declaration from the Shareholder. Where the amount of dividend warrant exceeds a sum of Rs. 5000/- the indemnity/ declaration shall be obtained from the shareholder on an on-judicial stamp paper of Rs. 100/-

6.15 **Re-issue of Dividend Warrant:** In the case of defaced, torn or decrepit or error crept-in while printing, if any, on the Dividend warrants, a duplicate warrant may be issued before the expiry of the validity period of the Dividend warrant on surrender to the company of such defaced, torn, decrepit warrant or the warrant with printing error.

6.16 **Register of Duplicate Dividend Warrants:** Particulars of every Dividend warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the person to whom the Dividend warrant is issued, the number and amount of the Dividend warrant in lieu of which the duplicate warrant is issued and the date of issue of such duplicate warrant.

6.17 **Revocation of Dividend:** Dividend, once declared, becomes a debt and should not be revoked.

7. DECLARATION OF DIVIDEND IN THE EVENT OF INADEQUACY OR ABSENCE OF PROFITS IN ANY YEAR

7.1 **Declaration of dividend out of accumulated profits:** In terms of second proviso of 123 (1) of the Companies Act, 2013 where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves, such declaration of dividend shall not be made except in accordance with the Companies (Declaration and Payment of Dividend) Rules,2014.

7.2 In terms of Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014 as amended from time to time, in the event of inadequacy or absence of profits in any year, the company may declare dividend out of free reserves subject to the fulfillment of the following conditions, namely:—

(1) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year:

Provided that this sub-rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial year.

(2) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

(3) The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

(4) The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid-up share capital as appearing in the latest audited financial statement.

(5) No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year are set off against profit of the company of the current year the loss or depreciation, whichever is less, in previous years is set off against the profit of the company for the year for which dividend is declared or paid.

8. TRANSFER OF UNPAID OR UNCLAIMED DIVIDEND TO SPECIAL ACCOUNT

8.1 **Transfer of unpaid dividend to Special Account:** If dividend has not been paid or claimed within the 30 days from the date of its declaration, the company is required to transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the company in a scheduled bank to be called “Unpaid Dividend Account”. Such transfer shall be made within 7 days from the date of expiry of the said period of 30days in terms of section 124 of the Act.

8.2 **Failure to transfer attracts interest:** If the company fails to transfer dividend to special account, it shall be liable to pay interest @12% and such interest has to be passed for the benefit of shareholders in proportion to the amount remaining unpaid in terms of section 124(3) of Act.

8.3 **Display of details in the web site:** In terms of section 124(2) of the Act, the Company shall upload the details of unpaid and unclaimed dividend in the company website in PDF format, year wise, with search facility must be easily accessible free of charge and facilitate easy printing. The process of uploading on the website shall be completed within 90 days from the date of transfer of the amount to special account as per Clause 8.1 above.

8.4 **Claimant can apply:** In case of any unclaimed/ unpaid dividends in respect of the financial years mentioned in the website, the claimant may apply for payment in terms of section 124(4) of Act to the Company or its Registrar and Share Transfer Agent.

9. UNPAID OR UNCLAIMED DIVIDEND TO BE TRANSFERRED TO INVESTOR EDUCATION PROTECTION FUND (IEPF)

9.1 **Transfer to IEPF after 7 years:** Any money transferred to the unpaid dividend account of a company in pursuance of section 124 which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Education and Protection Fund established (IEPF) u/s 125(1) of Act and the company shall file a statement in "Form DIV-5" to the Authority constituted under the Act to administer the fund and such authority shall issue a receipt to the company as evidence of such transfer. [Section124(5)].

9.2 **Shares shall also be transferred to IEPF:** In terms of section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred in the name of IEPF alongwith a statement containing such details as may be prescribed. If any person who has a claim on such shares can lodge his claim with Investor Education Protection Fund in such manner as may be prescribed.

9.3 **Manner in which unclaimed dividend to be transferred to IEPF:** The Company shall deposit the unclaimed dividend amount after lapse of 7 years to IEPF within the prescribed period in the prescribed mode maintain the particulars of unpaid dividend transferred to IEPF for a period of 8 years from the date of such transfer.

In terms of Regulation 43(2) of SEBI LODR, the listed entity shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.

9.4 **Display of details in the web site:** The Company shall upload the details of unpaid and unclaimed dividend transferred to IEPF in the company's website in PDF format, year wise.

9.5 **ROC filing after 7 years:** The Company shall file with the ROC one copy of the Challan evidencing deposit of the amount to the Fund in Form -1 in terms of Rule 3 (ii) (b) of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001, as amended from time to time.

10. DISCLOSURE

10.1 The Balance Sheet of the company should disclose under the head 'current liabilities and provisions', the amount lying in the Unpaid Dividend Account together with interest accrued thereon, if any.

10.2 The Annual Report of the company should disclose the total amount lying in the Unpaid Dividend Account of the company in respect of the last seven years. The amount of Dividend, if any, transferred by the company to the Investor Education and Protection Fund during the year should also be disclosed.

10.3 The amounts lying in the Unpaid Dividend Account and the amounts transferred to the Investor Education and Protection Fund should be disclosed in the Directors' Report.

10.4 In terms of SEBI LODR (Regulation 33 relating to disclosure in financial results) the Company shall disclose the following in respect of dividends paid or recommended for the year, including interim dividends:

(i) amount of dividend distributed or proposed for distribution per share; the amounts in respect of different classes of shares shall be distinguished and the nominal values of shares shall also be indicated;

(ii) where dividend is paid or proposed to be paid pro-rata for shares allotted during the year, the date of allotment and number of shares allotted, pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed to be paid on pro-rata basis.

11. SUMMARY:

11.1 The management upon compliance to all the rules, guidelines and regulations as detailed above in this policy may recommend to the Board of Directors the dividend at a rate (exclusive of the dividend distribution tax/ including Tax deductible at source on Dividend, as the case may be as per the Finance Act from time to time) of any of the following:

a) Maximum of Dividend payout ratio of 20%
b) Minimum of 20% of the paid up Equity share capital.

11.2 While recommending such dividend the management will also take into account dividends declared during the preceding 3years.

11.3 Notwithstanding the above, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions if any, during the year, capital conservation prudence, or other exigencies which shall be stated by the Board.

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