DIVIDEND DISTRIBUTION POLICY

Dept CS-33 Policy no. SPFSL/Policy No.55/CS-33 **Approval date 14.11.2025**

DIVIDEND DISTRIBUTION POLICY

[FRAMED UNDER REGULATION 43A OF SEBI AND (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND OTHER APPLICABLE RBI GUIDELINES]

(Approved by Board at its meeting held on 14.11.2025)

Pursuant to the provisions of Regulation 43A of SEBI and (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable RBI guidelines, Dividend Distribution Policy is adopted to act as a guiding parameter in declaration of dividend in addition to applicable provisions of the Companies Act, 2013, rules made thereunder and SEBI regulations. Supra Pacific Financial Services Limited believes in conduct of its affairs in a fair and transparent manner by adopting highest standards of Corporate Governance Practices and duly complying with applicable laws from time to time for its business. The Company focusses on enhancement of long-term shareholder value without compromising on ethical and governance standards. Dividend Distribution Policy is adopted to act as a guiding parameter in declaration of dividend in addition to applicable provisions of the Companies Act, 2013, rules made thereunder and SEBI regulations. Dividends refers to that portion of a firm's net earnings which are paid to shareholders. It is the portion of corporate profits paid out to stockholders which are usually settled on a cash basis, and shares in the company (either newly-created shares or existing shares bought in the market.) The dividends are decided by the firm's board of directors and paid to the shareholders who are registered on the "record date".

Applicable RBI Guidelines on distribution of Dividend:

NBFCs shall comply with the following minimum prudential requirements to be eligible to declare dividend:

Declaration of Dividend: Minimum Prudential Requirements

SI No	Parameter	Requirement
1	Capital Adequacy	• NBFCs (other than Standalone Primary Dealers) shall have met the applicable regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed. • Every applicable NBFC shall maintain a minimum capital ratio consisting of Tier I and

		Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less 10 per cent. • Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.
2	Net NPA	The net NPA ratio shall be less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other criteria	• NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. • NBFCs shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank shall not have placed any explicit restrictions on declaration of dividend.

- Quantum of Dividend Payable: Upon being eligible to declare dividend, Supra Pacific Financial Services Limited may pay dividend subject to the following additional conditions as mentioned in the RBI Circular:-
- The ceilings on dividend payout ratios for NBFCs eligible to declare dividend are as under:

SI No	Type of NBFC	Maximum Dividend Payout Ratio (percentage)
1	Other NBFCs	50

- Dividend Pay-out Ratio shall be taken as the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.
- The Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.
- In case the net profit for the relevant period includes any exceptional and/or extra-ordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Pay-out Ratio.

If the company could not meet the applicable capital ratio (including leverage ratio wherever applicable) requirements and/ or the net NPA ratio requirement as above, for each of the last three financial years, shall be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided the company complies with both the following conditions:

(i) meets the applicable minimum capital requirement (including leverage ratio wherever applicable), as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, in the financial year for which it proposes to pay dividend, and

(ii) has net NPA of less than four percent as at the close of the said financial year.

Details of dividend declared during the financial year

Upon declaration of dividend, company shall furnish a report to the RBI Regional Office of the Department of Supervision of the Reserve Bank, under whose jurisdiction the Company is registered, as per the prescribed format:

Reporting format for NBFCs/HFCs declaring dividend (Every NBFC should furnish the details of Dividend in the below mentioned format fortnightly after declaration of Dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of National Housing Bank, under whose jurisdiction the NBFC is registered.)

Details of dividend declared during the financial year:

Name of the NBFC ___________

Accounting period *	**Net profit for the accounting period: (₹ crore)**	**Rate of dividend (per cent)**	**Amount of dividend (₹ crore)**	**Dividend Pay out ratio (per cent)**

*quarter or half year or year ended as the case may be.

All other applicable provisions of RBI Circular RBI/2021-22/59, DOR. ACC.REC.No.23/21.02.067/2021-22 Dated June 24, 2021 as amended from time to time.

<u>The financial parameters that shall be considered while declaring dividend</u>

- Standalone / net operating profit after tax.
- Operating cash flow of the Company for the year.
- Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position etc.
- Loan repayment and Working capital requirements;
- Capital expenditure requirements;
- Resources required for funding acquisitions, mergers and / or new businesses.
- Cash flow required for meeting tax demands and other contingencies.
- Regulatory (and growth requirement of) Capital Adequacy.
- Regulatory (and growth requirement of) Solvency.
- Any windfall, extra-ordinary or abnormal gains made by the Company.
- Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

<u>Internal and external factors that shall be considered for declaration of dividend</u>

- Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- Qualifications in the Auditors Report to the financial statements.
- Long term growth plans of the Company.
- Stability of Earnings should be considered.
- Internal financing policy of the company influences the dividend policy of the company.
- Liquidity of Funds should be considered along with dividend payout.
- Dividend Policy of Competitive Concerns in the same industry.
- Past Dividend Rates of the company to maintain a consistency.
- Debt Obligations and Ability to Borrow funds with respect to Growth Needs of the Company.
- The board of directors will have to consider the legal restriction in companies Act 2013/RBI/SEBI Guidelines.
- Policy of Control and Corporate Taxation Policy
- Tax Position of Shareholders and Effect of Trade Cycle.

<u>Parameters that shall be adopted with regards to various classes of shares</u>

The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity shares any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

The dividends shall be paid out of the Company’s distributable profits and/or general reserves, and shall be allocated among shareholders on a pro rate basis according to the number of each type and class of shares held.

Dividend when declared shall be first paid to the preference shareholders of the Company if any as per the terms and conditions of their issue

Amendment of Policy: -

The Dividend Distribution Policy of the company may be amended at any time by the Board of Directors of the Company.

****