

**MANAPPURAM FINANCE LIMITED (MAFIL)****DIVIDEND DISTRIBUTION POLICY**

<b>Version Control</b>		
<b>Version Number</b>	<b>Description</b>	<b>Date</b>
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**Policy Owner** : **Secretarial Department**

**Prepared by** : **Secretarial Department**

**Reviewed by** : **Policy Review Committee**

**Approved by** : **Board of Directors**

## 1. Introduction

Pursuant to the provisions of Regulation 43A of SEBI and (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 51, 123(1), 123(6), 134(3)(k) of Companies Act, 2013 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.

In accordance with these SEBI (Listing Obligations and Disclosure Requirements) Regulations, mandates framing of a dividend distribution policy by the top 1000 listed companies, based on the market capitalization.

The Board of Directors of Manappuram Finance Limited "Company" recognizes the need to lay down a broad framework with regard to distribution of dividend to its shareholders and utilization of the retained earnings. This Policy reflects the intent of the Company to reward its shareholders by declaring dividend and seeks to establish the parameters (including internal and external factors) to be considered by the board of the Company before declaring or recommending dividend.

## 2. Objective

The objective of this Dividend Distribution Policy is to provide transparency to shareholders by clearly setting out the circumstances and factors considered by the Board of Directors when determining whether to distribute or retain profits. The Policy serves as a structured roadmap for investors regarding potential returns, while also functioning as a financial management tool to balance sustainable business growth with equitable shareholder rewards.

## 3. Definitions

- a) "Applicable Laws" in addition to the laws mentioned in the table above shall also mean the Companies Act, 2013 and Rules made thereunder, and such other act, rules or regulations which deal with the distribution of dividends.
- b) "Board" or "Board of Directors" means the Board of the Directors of the Company.
- c) "Company" means Manappuram Finance Limited.
- d) "Dividend" means interim dividend.
- e) "Financial Year" means the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
- f) "Policy" shall mean this Dividend Distribution Policy of the Company.

Words and expressions used and not defined in this Policy but defined in the Companies Act or other Applicable Laws shall have the same meaning respectively assigned to them in those Applicable Laws.

#### **4. Applicable RBI Guidelines on distribution of Dividend:**

Any dividend declared by MAFIL shall be in accordance with Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025 dated November 28, 2025. In line with the said RBI Master Direction, MAFIL shall comply with the following minimum prudential requirements to be eligible to declare dividend:

##### **Declaration of Dividend: Minimum Prudential Requirements:**

<b>Sl. No.</b>	<b>Parameter</b>	<b>Requirement</b>
1.	Capital Adequacy	<p>MAFIL shall have to meet the following applicable regulatory capital requirements (including leverage ratio wherever applicable) for each of the last three<sup>1</sup> financial years including the financial year for which the dividend is proposed.</p> <ul style="list-style-type: none"> <li>MAFIL shall maintain a minimum capital ratio consisting of Tier I capital which shall not be less than 15 percent of its aggregate risk weighted assets. The Tier 2 capital of the NBFC, at any point of time, shall not exceed 100 per cent of Tier 1 capital.</li> <li>MAFIL being a NBFCs primarily engaged in lending against gold jewellery (being gold loans comprising 50 percent or more of our financial assets) shall maintain a minimum Tier I capital and Capital to Risk-weighted Asset Ratio (CRAR) of 12 percent and 15 per cent respectively of the aggregate Risk Weighted Assets (RWAs). The Tier 2 capital of the NBFC, at any point of time, shall not exceed 100 per cent of Tier 1 capital.</li> </ul>
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	<p>(a) MAFIL shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934.</p> <p>(b) MAFIL 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.</p>

**Quantum of Dividend Payable:** Upon being eligible to declare dividend, MAFIL may pay dividend subject to the following additional conditions as mentioned in the RBI Circular:-

- The ceilings on dividend pay-out ratios as applicable to MAFIL to declare dividend are as under:

Sl. No.	Type of NBFC	Maximum Dividend Pay-out 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 / Owned Fund.
- 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 adequacy 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 pay-out ratio, provided the company complies with both the following conditions:

- (i) meets the applicable minimum capital adequacy requirement (including leverage ratio wherever applicable), as per the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025, 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.

## **5. Details of dividend declared during the financial year**

Upon declaration of dividend, MAFIL shall furnish a report within a fortnight to the RBI Thiruvananthapuram Office, being the Regional Office of the Department of Supervision of the Reserve Bank, under whose jurisdiction the Company is registered, as per the prescribed format.

## **6. The financial parameters that shall be considered while declaring dividend**

- 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. - Trend of dividends paid in the past years; - Dividend receipt from subsidiaries.
- 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.

## **7. Internal and external factors that shall be considered for declaration of dividend**

- 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 pay-out.
- 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.

#### **8. Parameters that shall be adopted with regards to various classes of shares**

- 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.

#### **9. Utilization of Retained Earnings**

- Company will utilize retained earnings to buy new assets (land, building, machinery etc.).
- Company will utilize Retained earnings for outside investment if reinvesting back into its own business is not as lucrative.
- Company will utilize its retained earnings for mergers and acquisition, as it may deem necessary from time to time.
- Company will utilize its retained earnings for general corporate purpose also.



**10. Conflict in Policy**

In the event of any conflict between this Policy and the provisions contained in the Applicable Laws, the provisions of Applicable Laws shall prevail.

**11. Amendment of Policy:**

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

**12. Disclosure**

The Policy shall be disclosed on the website of the Company and a web-link shall also be provided in its Annual Report.

