



SURAKSHA DIAGNOSTIC LIMITED

DIVIDEND DISTRIBUTION POLICY

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I. PREAMBLE

This Dividend Distribution Policy is made pursuant to the applicable provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the 'Listing Regulations'). The Board of Directors of Suraksha Diagnostic Limited (the "Company"), herein after referred as "the Board", has approved the Dividend Distribution Policy of the Company ("the Policy") and shall disclose the same in the annual reports and on the website of the Company. This Policy sets out the general parameters for declaration of dividend by the Company.

II. OBJECTIVE

The term "Dividend" refers to the share of profits of a Company that is distributed amongst its shareholders in proportion to the amount paid up on the shares held by the shareholders. As per the provisions of the Companies Act, 2013, the dividend can be paid as interim or final. The Company aimed at maximization of shareholders' value and believes that this can be attained by driving growth. The Policy endeavors to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company. The objective of the Policy is to lay down a consistent approach to dividend pay out plans.

III. DEFINITIONS

The following terms are used in this Guidance Note with the meaning specified:

"Act" means the Companies Act, 2013 (Act No. 18 of 2013) or any previous enactment thereof, or any statutory modification thereto or re-enactment thereof and includes any Rules and Regulations framed thereunder.

"Dividend" means a distribution of any sums to Members out of profits and wherever permitted out of free reserves available for the purpose.

"Final Dividend" means the Dividend recommended by the Board of Directors and declared by the Members at an Annual General Meeting.

"Interim Dividend" means the Dividend declared by the Board of Directors.

"Free Reserves" means such reserves which, as per the latest audited balance sheet of a Company, are available for distribution as Dividend. However, the following amount shall not be treated as free reserves:

- (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or

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- (ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

“ Member” in relation to a Company, means-

- i. the subscriber to the memorandum of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its register of members;
- ii. every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company;
- iii. every person holding shares of the Company and whose name is entered as a beneficial owner in the records of a depository

“Preference Shareholder” means a holder of such shares which carry a preferential right, in respect of payment of Dividend, of a fixed amount or an amount calculated at a fixed rate and in respect of capital, to repayment of capital.

“Shareholder” means a Member as defined above and, where the context requires or admits, includes a Preference Shareholder.

“Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment thereto.

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Act or other applicable laws.

IV. POLICY FRAMEWORK

The Policy has been formulated in line with the provisions of the Companies Act, 2013, Regulations issued by SEBI, Guidelines on Capital Restructuring of Central Public Sector Enterprises issued by Department of Investment and Public Asset Management (DIPAM), Guidelines issued by Ministry of Finance/Ministry of Corporate Affairs and other guidelines, to the extent applicable on the Company. Any subsequent amendments in these provisions would apply to this Policy.

Dividend for each year shall be recommended by the Board at its discretion taking into account the operating and financial performance of the Company.

V. PROCEDURE

The Act provides for two types of dividend: Interim and Final.

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a) Interim Dividend

- i. The Board of Directors of the Company shall declare the interim dividend at its discretion from time to time.
- ii. The interim dividend can be declared by the Board of Directors one or more times in a financial year.
- iii. The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable.
- iv. In case no final dividend is declared by the Company, interim dividend paid during the financial year, if any, shall be considered as final dividend at the Annual General Meeting of the Company.

b) Final Dividend

- i. The final dividend, if any, is paid once in a financial year after the preparation of the annual financial statements to the eligible shareholders subject as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable.
- ii. The Board of Directors shall recommend the final dividend to the Shareholders for their approval in the Annual General Meeting of the Company for the financial year.

VI. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

Dividend for the financial year shall be decided/recommended by the Board, considering, statutory, economic, market, industry, external and internal factors. The shareholders of the Company may or may not expect dividend under the following circumstances;

- i. Retention of profit by the Company under significant expansion plan and future growth.
- ii. Higher working capital requirement adversely impacting free cash flow.
- iii. Acquisition and restricting activity including joint venture, undertaken by the Company.
- iv. Inadequacy of profit or where Company has suffered loss.
- v. Wherever it proposes to utilize surplus cash for securities buy back.
- vi. Higher cost of raising fund from alternative sources.

VII. PARAMETERS FOR DECLARATION OF DIVIDEND

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The Company has only one class of shares i.e. Equity shares and, hence, the parameters disclosed here under apply to the same. For Preference Shares; Preference shareholders shall receive dividend at the fixed rate as per the terms of allotment and shall stand in priority to the equity shareholders for payment of dividend.

The Board while considering payment of dividend for a financial year may, inter alia, consider the following factors:

- i. Current financial year's profit after providing for depreciation in accordance with law and after transferring to reserve such amount as may be prescribed under the Act or as may be otherwise considered appropriate by the Board at its discretion;
- ii. The profit for any previous financial year(s) after providing for depreciation in accordance with law; remaining undistributed;
- iii. Out of (i) & (ii) both.

The Board while considering payment of dividend for a financial year may, inter alia, consider factors viz:

- Profit earned during the year as well as general reserves of the Company;
- Projections of future profits and cashflows;
- Cost of borrowing and outstanding borrowing including repayment commitments;
- Capital expenditure requirement including organic/inorganic growth;
- Applicable taxes including tax on dividend;
- Return on capital invested and post dividend EPS;
- Cash flow requirement to meet operation and contingencies;
- Past performance/dividend history the Company and the industry;
- Statutory restrictions;
- State of economy and capital market conditions; and
- Any other factor as may be deemed fit by the Board.

VIII. DIVIDEND PAY-OUT RATIO

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the Company and other internal and external factors enumerated earlier in the policy. However, efforts should be made to maintain a dividend pay-out ratio as guidelines of the Central Govt. applicable to the Company.

The Company is committed to continuous growth and has plans requiring significant capital outlay. The retained earnings, after distribution of dividend, shall primarily be utilized towards this purpose.

IX. POLICY AMENDMENT / DEVIATION

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In the event of the Policy being inconsistent with any new regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this policy and the policy shall be construed to be amended accordingly from the effective date of such provision. The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Government of India or any other regulatory authority. The change in the policy shall, however, be disclosed on the Company's website and in the ensuing annual report of the Company in accordance with the extant regulatory provisions.