

**Preamble**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all shareholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors (Board) will refer to the policy while declaring/ recommending dividends. Through this policy, the Company would endeavour fairness, consistency and sustainability while distributing profits to the shareholders.

This policy also stipulates the process for recommendation/ declaration of dividend and its pay-out by the Company in accordance with the provisions of the Companies Act,2013 (the Companies Act), Reserve Bank of India Notification RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 June 24, 2021 and other rules, regulations etc. as applicable to the Company.

**Class of Shares**

At present the Company is having only Equity Shares and no Preference shares issued by the Company are outstanding.

**Category of Dividends**

The Companies Act provides for two forms of Dividend- Final and Interim. The Board, subject to compliance with the Reserve Bank of India regulations, shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit. Normally, the Board will endeavour to declare an interim dividend after finalization of quarterly financial accounts. The Board may declare interim dividend based on profits of the Company, one or more times in a financial year as and when considered appropriate, in line with this policy.

After the annual accounts are prepared, the Board may recommend final dividend to the shareholders for their approval in the General Meeting of the Company. In the event the Board declares more than one interim dividend in a financial year, the Board may recommend to the shareholder to treat the last interim dividend as a final Dividend.

**Recommendation / Declaration of Dividend**

Subject to the provisions of the Companies Act and Reserve Bank of India regulations, the Board shall recommend/declare/ pay the Dividend only out of

- i) Current financial year's profit:
  - a) After providing for depreciation in accordance with law;

- b) After transferring to reserves such amount as may be prescribed under the Companies Act, Reserve Bank of India regulations, or applicable law, regulations, norms or as may be otherwise considered appropriate by the Board at its discretion.
- ii) The profits for any previous financial year(s):
  - a) After providing for depreciation in accordance with law;
  - b) Remaining undistributed; or
- iii) Out of i) & ii) both.
- iv) Out of free reserves in the manner permissible under the Companies Act.

Also, the dividend declaration to be made only after satisfying the following conditions as stipulated in RBI circular dates June 24, 2021, DOR.ACC.REC.No.23/21.02.067/2021-22.

No.	Parameter	Requirement
1.	Capital Adequacy	(a) NBFCs (other than Standalone Primary Dealers) shall have met the applicable regulatory capital requirement for each of the last three <sup>2</sup> financial years including the financial year for which the dividend is proposed. (b) Standalone Primary Dealers (SPDs) should have maintained a minimum CRAR of 20 per cent for the financial year (all the four quarters) for which dividend is proposed.
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	(a) NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. HFCs shall comply with the provisions of Section 29 C of The National Housing Bank Act, 1987. (b) NBFCs shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank or the NHB (for HFCs) shall not have placed any explicit restrictions on declaration of dividend.

### Factors to be considered while declaring Dividend

The decision regarding dividend is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding dividend is subject to several factors and hence any optimal policy in this regard may be far from obvious.

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**Process for approval of Payment of Interim and Final Dividend**

The Company will give prior intimation of 2 working days to Stock Exchanges (excluding the date of intimation and the date of the Board meeting) of date of Board Meeting in which the declaration / recommendation of dividend will be considered.

The Company will inform about the decision taken by Board regarding dividend to Stock Exchange within 30 minutes of the closure of the Board Meeting.

The Company will fix Record date for the purpose of determination for list of shareholders eligible to receive dividend.

The Company shall recommend or declare dividend at least 5 working days (excluding the date of intimation and the record date) before the record date is fixed for the purpose.

The intimation for fixing Record date shall be given to exchange at least seven working days in advance (excluding the date of intimation and the record date).

In the event of any amendment in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law with respect to the process of recommendation/approval/payment of dividend, the same shall prevail and shall be deemed to form part of this policy.

**Transfer of Unpaid / Unclaimed Dividend and Equity Shares to Investor Education and Protection Fund (IEPF)**

As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to IEPF.

**Utilisation of Retained Earnings**

The Retained earnings strengthen the Company's net owned funds. It will further help in maintaining Capital Adequacy Ratio (CAR) for Non-Banking Financial Companies (NBFCs) in the growth phase. The Board from time to time will decide utilization of the retained earnings depending upon various factors including organic / inorganic growth strategies of the Company, market competition, creating long term shareholder value etc. The Board will ensure judicious balancing of these factors in the interest of the Company and its stakeholders.

**Review**

The same will be reviewed by the Board periodically for additions, deletions, changes or alterations in the parameters, process of recommendation/declaration/ pay-out of dividend considered in the policy and in line with changes in regulations as applicable to the Company.

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