

APTUS VALUE HOUSING FINANCE INDIA LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Preamble

A dividend is a payment made by a company to its shareholders, typically from the company's profits. These profits can either be retained within the business for purposes such as acquisitions, expansion, or diversification, or distributed to shareholders. The company may decide to keep a portion of the profits and distribute the remaining balance as a dividend. This policy seeks to balance these various objectives.

The objective of this policy is to provide shareholders with a consistent dividend income while also fostering long-term capital appreciation for all shareholders of the company. The company will aim to maintain a balanced approach between the dividend payout and the retention of profits for business growth and other purposes. The Board of Directors will use this policy as a guideline when declaring or recommending dividends. Through this approach, the company seeks to ensure fairness, consistency, and sustainability in the distribution of profits to its shareholders.

This policy also outlines the process for recommending or declaring dividends and their payout by the company, in compliance with the provisions of the Companies Act, 2013, guidelines issued by the National Housing Bank (NHB), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other applicable rules and regulations.

2. Category of Dividends

The Companies Act, 2013 recognizes two types of dividends, viz. (i) Final Dividend and (ii) Interim Dividend. The Board has the full discretion to declare an interim dividend at any time during the financial year, as they deem appropriate. The Board may consider declaring an interim dividend after the quarterly financial results are finalized. The Board may declare an interim dividend multiple times within a financial year, based on the company's profits, in accordance with this policy and when deemed suitable. Once the annual accounts are finalized, the Board may recommend a final dividend for approval by the shareholders at the Annual General Meeting.

3. Parameters to be considered for declaration of Dividend

The Board of Directors of the Company will consider the following parameters while recommending / declaring Dividend:

3.1. Statutory Requirements

The Board shall comply with the provisions of the Companies Act, 2013 & rules applicable there under and the provisions of the RBI Circular No. RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021, as mentioned below while declaring dividends.

S. No.	Parameter	Requirement
1.	Capital Adequacy	<p>The Company shall have met the following regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed.</p> <ul style="list-style-type: none"> ➤ maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II capital which shall not be less than <ul style="list-style-type: none"> - 13 per cent as on March 31, 2020; - 14 per cent on or before March 31, 2021; and - 15 per cent on or before March 31, 2022 and thereafter of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. ➤ The Tier-I capital, at any point of time, shall not be less than 10 per cent. ➤ The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital.
2.	Net NPA	<p>The net NPA ratio shall be less than 6 per cent in each of the last three financial years, including as at the close of the financial year for which dividend is proposed to be declared.</p>
3.	Other criteria	<ul style="list-style-type: none"> ➤ The Company shall comply with the provisions of Section 29 C of The National Housing Bank Act, 1987. ➤ The RBI or the NHB shall not have placed any explicit restrictions on declaration of dividend
4.	Quantum of dividend	<p>The Board after ensuring that the Company meets requirements as mentioned above, may declare dividend subject to the following conditions.</p> <ul style="list-style-type: none"> - The Maximum dividend Payout Ratio for the Company to declare dividend is 50%. The Dividend Payout Ratio is 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. - Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares (if any) eligible for inclusion in Tier 1 Capital. - In case the net profit for the relevant period includes any exceptional and/or extraordinary 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 Payout Ratio.

3.2. Financial Parameters / Internal Factors:

1. Standalone / net operating profit after tax;
2. Operating cash flow of the Company for the year.
3. Liquidity position, aggregate Debt of the Company (both standalone and consolidated), debt service coverage position, etc.
4. Loan repayment and Working capital requirements;
5. Cost of borrowings
6. Capital expenditure requirements;
7. Resources required for funding acquisitions, mergers and / or new businesses;
8. Cash flow required for meeting tax demands and other contingencies;
9. Regulatory (and growth requirement of) Capital Adequacy;
10. Regulatory (and growth requirement of) Solvency;
11. Trend of dividends paid in the past years;
12. Dividend receipt from subsidiaries;
13. Qualifications in the Auditors' Report to the financial statements;
14. Restrictions/Covenants contained in any arrangement/ agreement with the lenders of the Company.
15. Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
16. Any other relevant or material factor as may be deemed fit by the Board.
17. Any windfall, extra-ordinary or abnormal gains made by the Company and
18. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

3.3. External Factors:

1. Prevailing legal requirements, regulatory restrictions laid down under the applicable laws including tax laws and changes made in accounting standards;
2. Dividend pay-out ratios of companies in the same industry.
3. State of economy and capital markets.
4. Any other factor that has a significant influence / impact on the Company's working / financial position of the Company

The Board of Directors may additionally recommend special dividend in special circumstances.

4. Circumstances under which the shareholders may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Significant cash flow requirements towards higher working capital requirements /tax demands / or others , adversely impacting free cash flows;
- An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities and
- Any of the above referred to internal or external factors restraining the Company from considering dividend.

5. Entitlements and Timelines for Dividend payments

- Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws
- Timelines: The payment of dividend shall be made within the time prescribed under the Companies Act, 2013 or the rules made there under. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the Annual General Meeting in case of Final Dividend.

6. Utilization of retained earnings

The Company may declare Dividend out of the profits of the Company for the year or out of the profits of any previous year or years or out of the free reserves available for distribution of Dividend, after considering the parameters laid down in this policy. The Company shall endeavour to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and to its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long-term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

7. Procedure

- The dividend proposal placed before the Board for consideration shall be in terms of this policy.
- The Company shall ensure compliance of provisions of applicable laws and this policy in relation to Dividend declared by the Company.

8. Manner and payment of Dividend

The Company shall use electronic mode of payment for paying dividend to eligible shareholders. Where it is not possible to use electronic mode of payment, dividend warrants or demand drafts will be issued to the eligible shareholders.

9. Unpaid and unclaimed dividend

- The amount of Dividend which remains unpaid or unclaimed after thirty days from the date of its declaration shall be transferred to the unpaid dividend account within seven days from the date of expiry of the thirty days period from the date of declaration of Dividend.
- Any amount in the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account, along with interest accrued, if any, shall be transferred to the Investor Education and Protection Fund.
- Any transfer to the Investor Education and Protection Fund shall be made within thirty days from the expiry of seven years from the date of transfer of unpaid or unclaimed Dividend to the Unpaid Dividend Account.

10. Reporting Requirements

The Company shall report the details of dividend declared during the financial year as per the format prescribed in Annex IVA of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021. The report shall be furnished within a fortnight after declaration of dividend to National Housing Bank.

11. Review

The Policy 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.
