

SHALIBHADRA FINANCE LIMITED

DIVIDEND DISTRIBUTION POLICY

(Approved by the Board of Directors)

1. PREAMBLE

This Dividend Distribution Policy (“Policy”) is framed by the Board of Directors of Shalibhadra Finance Limited (“the Company”) in accordance with the Companies Act, 2013, applicable SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and guidelines issued by the Reserve Bank of India governing Non-Banking Financial Companies (NBFCs).

2. OBJECTIVE

The objective of this Policy is to define a structured framework for dividend distribution while ensuring:

- Sustainable shareholder returns
 - Adequate capital retention for business growth
 - Maintenance of regulatory capital adequacy
 - Long-term financial stability
-

3. DIVIDEND PHILOSOPHY

The Company aims to:

- Reward shareholders through stable and consistent dividends
 - Retain sufficient earnings for growth and expansion
 - Maintain a prudent balance between payout and reinvestment
 - Ensure compliance with regulatory capital requirements
-

4. TYPES OF DIVIDEND

The Company may declare:

- Interim Dividend
- Final Dividend

- Special Dividend, if deemed necessary
-

5. DIVIDEND PAYOUT GUIDELINE

The Company shall generally endeavor to maintain a **dividend payout ratio in the range of 10% to 30% of the annual standalone Profit After Tax**, subject to:

- Business performance
- Growth requirements
- Regulatory capital position
- Economic and market conditions

The Board may deviate from this range in exceptional circumstances.

6. SOURCE OF DIVIDEND

Dividend shall be declared out of:

- Profits of the current financial year, and/or
- Accumulated profits (free reserves)

Dividend shall be based on **standalone financial results** of the Company.

7. TIMING OF DIVIDEND

- Interim dividend may be declared by the Board during the financial year based on quarterly or half-yearly performance.
 - Final dividend, if any, shall be recommended after approval of audited financial statements and declared at the Annual General Meeting.
-

8. KEY FACTORS FOR DIVIDEND DECISION

8.1 Financial Parameters

The Board shall consider:

- Profitability and earnings stability
- Capital Adequacy Ratio (regulatory requirement compliance)
- Asset quality including NPAs

- Liquidity and cash flow position
 - Yield on advances and cost of borrowing
 - Operating expenses and efficiency ratios
 - Asset-Liability Management position
 - Leverage and debt-equity position
 - Statutory reserves and regulatory transfers
 - Future capital expenditure and growth plans
 - Retained earnings position
-

8.2 Internal Factors

- Business growth and expansion plans
 - Working capital requirements
 - Ability to raise debt or other funding
 - Risk profile of loan portfolio
 - Historical dividend trend consistency
-

8.3 External Factors

- Economic and industry conditions
 - Regulatory guidelines of the Reserve Bank of India
 - Taxation policies including dividend taxation
 - Cost and availability of external funds
 - Inflation and macroeconomic environment
 - Government policies affecting NBFC sector
-

9. DIVIDEND STABILITY

The Company shall endeavour to maintain a **stable dividend per share trend over time**, subject to business performance, capital requirements, and regulatory constraints.

10. CIRCUMSTANCES FOR REDUCTION OR NON-DECLARATION

Dividend may be reduced or not declared in cases such as:

- Inadequate profits or negative cash flow position
 - Requirement of funds for business expansion or acquisitions
 - Higher capital adequacy requirements
 - Adverse regulatory or economic conditions
 - Deterioration in asset quality or financial stress
-

11. UTILISATION OF RETAINED EARNINGS

Retained earnings may be utilized for:

- Business expansion (organic and inorganic)
 - Strengthening capital base
 - Working capital requirements
 - Investment in new or existing business opportunities
 - Debt repayment or restructuring
 - General corporate purposes permitted under law
-

12. REGULATORY COMPLIANCE

Dividend declaration shall be subject to:

- Maintenance of regulatory capital adequacy norms
 - Compliance with prudential guidelines for NBFCs issued by RBI
 - Restrictions under financing agreements or covenants
 - Applicable provisions of the Companies Act, 2013
-

13. UNPAID / UNCLAIMED DIVIDEND

Unpaid or unclaimed dividends shall be dealt with in accordance with the provisions of the Companies Act, 2013, including transfer to the Investor Education and Protection Fund (IEPF), as applicable.

14. DISCLOSURE

This Policy shall be:

- Placed on the Company's website
 - Disclosed in the Annual Report, as required under applicable regulations
-

15. REVIEW AND AMENDMENT

The Board of Directors reserves the right to review, amend, or modify this Policy from time to time in line with regulatory requirements or business needs.

APPROVAL

This Policy is approved by the Board of Directors of Shalibhadra Finance Limited and shall come into effect from the date of approval.