

GRUH FINANCE LIMITED
DIVIDEND DISTRIBUTION POLICY

OBJECTIVE

The objective of this policy is to establish the principles and criteria to be considered by the Board of Directors prior to recommending dividend to the equity shareholders of GRUH Finance Limited.

The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a consistent dividend policy and has endeavoured to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests of the Company and its stakeholders.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with requisite regulations and directives as stipulated by the National Housing Bank, provisions of the Companies Act, 2013 and rules made there under, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

Financial Parameters

- Growth in the loan portfolio;
- Funding and liquidity considerations;
- Leverage ratios;
- Profits earned during the financial year;
- Accumulated reserves
- Profitability outlook for the next two/three years
- Expected future capital/liquidity requirements covering future risk and contingency planning
- Compliance with covenants contained in any agreement entered into by the Company with its lenders/debenture trustees, if any;
- Other factors and/or material events which the Board may consider.

External Factors

- Shareholder expectations, including individual shareholders;
- Macro-economic conditions;
- Taxation provisions;
- Government policies.

UTILISATION OF RETAINED EARNINGS

Retained earnings shall be utilised in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company. The Company shall endeavour to utilise retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

DIVIDEND AND CLASSES OF SHARES

The Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof. Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares.

DIVIDEND PAYOUT RATIO

The Company has followed a stable dividend policy in the past and strives to maintain a consistent dividend payout ratio.

CONFLICT IN POLICY

In the event of a conflict between this policy and the then existing regulations, the regulations shall prevail.

AMENDMENTS

To the extent any change/amendment is required in terms of applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be suitably modified to make it consistent with the law. Such amended policy shall be placed before the Board for noting and necessary ratification.

REVIEW OF POLICY

The Board shall review the Dividend Distribution Policy of the Company periodically.

DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, www.gruh.com.