

IIFL Group - Dividend Distribution Policy

Purpose & Scope

IIFL Finance Limited has in place Board approved dividend policy covering the Company and the Subsidiaries as adopted on March 01, 2011. SEBI has recently mandated vide Notification dated July 08, 2016 that top 500 Companies (in terms of market capitalization) need to have a Dividend Distribution Policy in place.

Accordingly, this policy is to put into place the norms for the determination and declaration of dividend on equity capital by IIFL Finance Limited and its subsidiaries. While considering distribution and payment of dividend, the Company will ensure compliance with all the applicable provisions of the law including provisions of the Companies Act, SEBI, RBI, NHB and Income Tax Rules and Regulations etc related thereto.

Total Dividend

1. At the Holding Company level, the total dividend payout for any financial year will be minimum 15% and maximum up to 35% (including applicable taxes on distribution of Dividend) of the consolidated profit after tax of the Company after Minority Interest.
2. At the Subsidiary level, the total dividend payout may be up to 100% of the respective consolidated /standalone profit after tax of the respective subsidiary.

Factors/ parameters that would be considered while declaring Dividend

- I. The financial parameters that shall be considered while declaring dividend

While considering the total dividend at Holding Company and at each of the Subsidiaries the following will be taken into account:

- a. The business plan and actual performance, the capital requirements, free cash flow, debt equity ratio (considering new capital, ESOPs, retained earnings, minimum net worth requirements as per respective regulatory requirements etc.)
- b. Adequacy of profits including the accumulated balance in Profit & Loss account and
- c. Taxes on dividend.

The Board may consider a higher distribution with adequate justification or on special occasions.

- II. The circumstances under which the shareholders:

- i. May expect dividend:
 - a. Surplus in Profit & loss (P&L) Statement
 - b. Profits in any Financial Year are more than 10% of the equity capital of the Company

- ii. May not expect dividend:
 - a. If there are losses as per P&L Statement (including accumulated balance in P&L account)
 - b. Profit in the any Financial Year is less than 10% of the equity capital.
 - c. If the total income from business/PAT from its ordinary activities in any Financial Year declines by more than 75% from the previous year.
 - d. If the business is seriously affected and visibility is uncertain.
- III. Internal and external factors that shall be considered for declaration of dividend:
 - i. Internal Factors:
 - a. Projected investment in business/new business
 - b. Projected investments in Subsidiaries/Associates in the year and next year.
 - c. Networth/Capital adequacy as required under respective Regulatory requirements.
 - ii. External Factors:-
 - i. State of Economy/Industry/business
 - ii. Statutory Taxes/levies – Changes in income tax rates, DDT etc
- IV. The retained earnings shall be utilized for:
 - i. Proposed Capital expenditure
 - ii. Investments/acquisitions
 - iii. General corporate purposes including contingencies
 - iv. Capital restructuring
- V. Parameters that shall be adopted with regard to various classes of shares:

The Company has only one class of equity shareholders at present.

Periodicity of distribution

On a yearly basis, the Holding and Subsidiary Companies may distribute by way of Interim Dividend/s a substantial portion of the total dividend of the Company. The balance portion will be declared by way of final dividend considering the full year's accounts and will be paid after the approval of shareholders at the Annual General Meeting of the Company.

Disclosures

- a. This policy will be made available on the Company's website.
- b. The policy will also be disclosed in the Company's annual report



Amendments to the Policy

The Board shall review and amend this Policy as and when required. Any subsequent amendment/modification in the regulation and/or other applicable laws in this regard shall automatically apply to this policy.