



**IIFL Home Finance Limited**

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**DIVIDEND DISTRIBUTION POLICY**

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JANUARY 2026

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**Version Controls and Approvals**

<b>Version Number</b>	<b>Description</b>	<b>Approved by</b>	<b>Date</b>
FY 2026	Prepared dividend distribution policy	Board of Director	20 <sup>th</sup> Jan 2026

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## 1. Scope and Purpose

Reserve Bank of India ('RBI') vide Master direction RBI/DOR/2025-26/360, DOR.ACC.REC.279/21.02.067/2025-26 dated November 28, 2025 has prescribed direction on prudential norms on Declaration of Dividends by Non-Banking financial companies including HFCs.

The objective of this Policy is to establish the principles and criteria to be considered by the Board of Directors ("Board") prior to recommending dividend to the shareholders of the IIFL Home Finance Limited ('Company').

## 2. Financial Parameters along with factors for recommendations/ declarations of Dividend

The Board shall consider the below mentioned financial parameters, prudential requirement and other factors while considering the proposal for declaration of dividend:

### A. Internal Factor

- i. Profits earned during the financial year and the need to accumulated reserves.
- ii. Capital adequacy ratio and the future capital requirement as prescribed by the Regulator and Internal Capital Adequacy Assessment process(ICAAP).
- iii. Capital requirement for growth in the loan portfolio.
- iv. Capital expenditure and working capital requirements.
- v. Financial commitments for outstanding borrowings and interest thereon.
- vi. Financial requirement for business expansion and/or diversification, acquisition, etc. of new businesses.
- vii. Supervisory findings of the Reserve Bank/National Housing Bank (NHB) on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- viii. Qualifications, if any, in the Auditors' Report to the financial statements.
- ix. Long term growth plans of the Company.
- x. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- xi. Other factors and/or material events which the Board may consider from time to time.

### B. External Factor

- i. Regulatory Restrictions / Obligations.
- ii. Prevailing economic conditions.
- iii. Agreements with Lenders / Debenture Trustees.
- iv. Prevalent market practices.
- v. Shareholder expectations, including individual shareholders.
- vi. Government policies

**C. Eligibility Criteria**

S. No.	Parameter	Requirement
1	Capital Adequacy	The Company shall have met the applicable regulatory capital requirement ((including Tier I capital, Tier II capital, leverage ratio , and ANW, as applicable and prescribed by RBI) for each of the last three financial years including the financial year for which the 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	<p>i. The Company shall comply with the provisions of Section 29C of the National Housing Bank Act, 1987.</p> <p>ii. The Company shall be compliant with the prevailing regulations / guidelines issued by the Reserve Bank or NHB, as applicable. The NHB and RBI shall not have placed any explicit restrictions on declaration of dividend.</p>

**3. Circumstances under which shareholders may or may not expect dividends**

The decision to recommend/ declare the dividend by the Board of Directors shall primarily depend on the factors listed out above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of inadequacy or absence of profits.
- ii. In the event of inadequacy of cash flow available for distribution.
- iii. In the event of growth opportunities where the Company may be required to allocate a significant amount of capital.
- iv. In the event of higher working capital requirement for business operations or otherwise.
- v.
- vi. This policy shall be applicable to all acquisition of loans, wherein loans are not in default.

**4. Manner of utilisation:**

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.

**5. Parameters for various classes of shares:**

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

**6. Quantum of Dividend payable and Dividend payout ratio:**

The dividend pay-out ratio is maximum of 50% of profit after tax for the year, computed as per the provisions of Companies Act, 2013. (Regulatory ceiling is 50%).

In case the profit after tax for the relevant period includes any exceptional profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of profit after tax, the same shall be reduced from profit after tax while determining the dividend payout ratio.

In case the Company does not meet the applicable prudential requirement prescribed in 2 C (1 and 2) above for each of the last three financial years, the Company may be eligible to declare dividend, subject to a cap of 10% on the dividend payout ratio, provided that the Company:

- i. Meet the applicable capital adequacy requirement (including CRAR, Tier I capital, Tier II capital, leverage ratio, ANW, as applicable) in the financial year for which it proposes to pay dividend; and
- ii. has net NPA of less than 4 per cent as at the close of the financial year.

The Board may declare interim dividend or recommend final dividend within this maximum limit.

The dividend shall be declared and disclosed on `per share basis`.

**7. Review and amendment:**

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Regulations issued by the Reserve Bank of India shall be binding even if not incorporated in this Policy. This Policy shall be reviewed and updated annually or at earlier intervals as may be deemed necessary.

**8. Disclosure of policy, compliance and reporting to regulator:**

The Policy shall be hosted on the website of the Company. The same shall also be disclosed in the Annual Report of the Company or a weblink shall be provided in the Annual Report, as the case may be.

Declaration of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information" in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015, hence company shall comply with all the related compliances.

Details of dividend declared during the financial year shall be reported in the format prescribed by RBI within a fortnight after declaration of dividend to the Department of Supervision of NHB.