



## **REPCO HOME FINANCE LIMITED**

(CIN: L65922TN2000PLC044655)

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### **DIVIDEND DISTRIBUTION POLICY**

#### **SCOPE AND PURPOSE**

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

#### **KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND**

##### **(a) The circumstances under which the shareholders of the Company may or may not expect dividend:**

1. Dividend shall be declared or paid only out of:

I. Profit of the current period post:

a) providing for depreciation as per law;

b) transfer to reserves as per Companies Act, 2013 and National Housing Bank Act, 1987 and Guidelines and the rules made thereunder, Income Tax Act, 1961 or in pursuance of any applicable statute.

II. Profit of previous years

a) after providing for depreciation as per law; and

b) out of the amount available for dividend after prescribed appropriations

III. Combination of I or II

2. The losses of previous years will be set off against the current year's or previous year's profit before declaring dividend.

3. The Board will avoid practice of declaration of dividend out of reserves.

##### **(b) The following financial parameters shall be considered before declaration of dividend:**

1. Income and profitability parameters:

- I. Net Interest Income (NII)
- II. Profit Before Tax (PBT) and Profit After Tax (PAT)
- III. Return on Assets (RoA)
- IV. Return on Equity (RoE)
- V. Earnings Per Share (EPS)
- VI. Profit growth targets and market expectations

2. Capitalization level parameters:

- I. Net Owned Funds (NOF)
- II. Capital Risk Adequacy Ratio (CRAR), tier I capital and tier II capital
- III. Gross leverage and net leverage

3. Portfolio quality parameters:

- I. Absolute values of gross NPA and net NPA
- II. Gross NPA and net NPA as percentage of loan assets
- III. Provisioning levels and provision coverage
- IV. Change in regulatory provisioning requirements
- V. Outlook on portfolio quality

**(c) Internal and external factors that shall be considered for declaration of dividend;**

1. The Board and Management may decide to utilize its profit for

- I. Business growth
- II. Capital expenditure
- III. Inorganic growth
- IV. Provision of contingency fund
- V. Acquisition of technology

2. The level of competition and the prospects of growth for the sector may require the Company to buffer up Capital to enhance operational efficiency.

3. The ability of the Company to raise funds in cost effective manner coupled with the liquidity scenario may also occasion ploughing back of profits.

4. The Company is exposed to operational, environmental, regulatory, and legal risks. Possible adverse impact from these risks notwithstanding risk migration by the Company can have a bearing on dividend payout.

**(d) Policy as to how the retained earnings shall be utilized:**

The retained earnings will be utilized for the main objects of the Company.

**(e) Parameters that shall be adopted with regard to various classes of share**

The Company only has one class of equity share and there are no shares with differential rights as to either voting or dividend