

DIVIDEND DISTRIBUTION POLICY

OF

UNIFINZ CAPITAL INDIA LIMITED

VERSION: 1.0

APPROVED BY THE BOARD OF DIRECTORS

ON

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CHIEF EXECUTIVE OFFICER

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1. INTRODUCTION

Unifinz Capital India Limited (the “Company”) is a non-deposit taking Non-Banking Financial Company registered with the Reserve Bank of India (“RBI”) and is classified as Base Layer NBFC–Investment and Credit Company. This Dividend Distribution Policy (“Policy”) establishes the framework to be applied by the Board of Directors (“Board”) when declaring an interim dividend or recommending a final dividend.

The Policy shall be read with the Companies Act, 2013 (“Act”), the Companies (Declaration and Payment of Dividend) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Declaration of Dividends) Directions, 2025 (updated as on July 1, 2026), as amended from time to time (“RBI Dividend Directions”), the Company's Articles of Association and all other applicable laws, directions and contractual obligations.

If any provision of this Policy is inconsistent with a prevailing law, regulation or regulatory direction, the prevailing requirement shall apply and this Policy shall be interpreted accordingly.

2. OBJECTIVE

The objective of this Policy is to provide a transparent and disciplined approach for balancing shareholder distributions with the Company’s need to retain earnings for growth, resilience and regulatory capital. It is intended to support fairness, consistency and sustainability without creating an entitlement to, or assurance of, dividend in any financial year.

3. SCOPE AND APPLICABILITY

- i. The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.
- ii. The Policy shall not apply to determination and declaration of dividend on preference shares except compulsorily convertible preference shares, as the same will be governed as per the terms of issue approved by the Board and the shareholders of the Company.

- iii. In case of compulsorily convertible preference shares, the declaration of dividend will be governed as per the terms of issue approved by the Board and the shareholders of the Company, subject to the same not being conflicting to the applicable provisions of law, Regulation 43A of the SEBI Listing Regulations and the Circular.
- iv. The Policy shall be suitably amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

4. DEFINITIONS

- a. **“Adjusted Net Worth (ANW)”** Adjusted Net Worth calculated in terms of the applicable prudential norms on capital adequacy.
- b. **“Capital to Risk Weighted Assets Ratio (CRAR)”** Capital to Risk Weighted Assets Ratio calculated in terms of the applicable prudential norms on capital adequacy.
- c. **“Dividend”** Includes an interim dividend and a final dividend.
- d. **“Dividend payout ratio”** The ratio between the amount of dividend payable, including interim dividend, in a year and the net profit during that year as per the audited financial statements for the financial year for which dividend is proposed, expressed as a percentage and adjusted where required by the RBI Dividend Directions.
- e. **“Exceptional profits / income”** Has the same meaning as defined under the applicable Accounting Standards.
- f. **“Net Non-Performing Asset (NNPA) ratio”** The ratio of net non-performing assets to net advances.
- g. **“Net profit”** Profit as reflected in the audited financial statements, after adjustments required by applicable law and the RBI Dividend Directions.
- h. **“Public funds”** Has the meaning assigned under the prevailing RBI regulatory framework.
- i. **“Retained earnings”** Cumulative profits remaining after permitted appropriations, including dividends and transfers to reserves.

5. SOURCES AND CATEGORIES OF DIVIDEND

Subject to the Act and other applicable law, dividend may be declared or recommended out of distributable profits of the current financial year, undistributed profits of previous financial years, or both, after providing for depreciation and making all required adjustments and appropriations. Dividend out of free reserves may be considered only in the manner permitted by the Act and applicable rules.

Interim dividend: may be declared by the Board during a financial year, subject to Section 123 of the Act and the financial and prudential tests in this Policy.

Final dividend: may be recommended by the Board after approval of the audited annual financial statements and is subject to approval by shareholders at the Annual General Meeting. Shareholders may reduce, but shall not increase, the amount recommended by the Board.

6. CORE PRINCIPLES

Prudence: distributions shall not compromise solvency, capital adequacy, liquidity or the ability to meet liabilities as they fall due.

Sustainability: the Board shall consider the durability and quality of earnings, not merely the reported profit for a period.

Compliance: every dividend proposal shall satisfy the Act, RBI directions, Listing Regulations and contractual restrictions applicable at the relevant time.

Long-term value: the Board shall balance immediate shareholder return with funding required for growth, technology, risk management and resilience.

Equal treatment: dividend shall be paid to eligible shareholders in accordance with the rights attached to their shares and applicable law.

7. FACTORS GOVERNING DIVIDEND

The Board shall evaluate the following factors, collectively and in the context of the relevant financial year.

Internal financial and business factors

- audited profit after tax, earnings quality, exceptional or extraordinary items and accumulated profits or losses;
- cash flows from operations, liquidity position and asset-liability management profile;
- capital adequacy, leverage, net owned fund, provisioning, impairment and asset quality, including gross and net NPA levels;
- statutory reserve transfer under Section 45-IC of the Reserve Bank of India Act, 1934 and any other required appropriations;
- business plan, loan-book growth, technology and operating expenditure, capital expenditure and working-capital needs;
- availability and cost of funding, debt repayment schedule, covenants and credit rating considerations;
- contingent liabilities, stressed scenarios, foreseeable losses, litigation and the need for financial buffers;
- organic or inorganic growth opportunities, investments and strategic commitments; and
- any other factor that the Board considers relevant to the Company's financial soundness or long-term interests.

External and regulatory factors

- macroeconomic, interest-rate, credit, market and industry conditions;
- changes in law, taxation, accounting standards or regulatory expectations;
- RBI supervisory findings, including divergence in classification or provisioning for NPAs;
- qualifications, emphasis of matter or other material observations in the statutory auditors' report;
- restrictions imposed by RBI, SEBI, stock exchanges, lenders, debenture trustees or contractual documents;
- shareholder expectations, market practice and the Company's dividend history, without creating a binding precedent; and
- force majeure events or other circumstances materially affecting operations, liquidity or capital.

8. CIRCUMSTANCES IN WHICH DIVIDEND MAY NOT BE EXPECTED OR EXPECT LOWER DIVIDEND

Shareholders may not expect a dividend, or may expect a lower dividend, where the Company has inadequate or volatile profits, accumulated losses, weak cash flows, heightened credit costs, material regulatory or audit concerns, a tight liquidity or capital position, significant funding or investment requirements, a contractual or regulatory restriction, or any other circumstance in which retention of earnings is considered prudent.

The absence of a dividend in any year shall not, by itself, indicate a change in the Company's long-term commitment to shareholder value.

In the event of **inadequacy or absence of profits** in any year, a company may declare dividend out of free reserves subject to the fulfillment of the following conditions, namely: -

- i. The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year:

Provided that this sub-rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial year.

- ii. The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.
- iii. The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.
- iv. The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid-up share capital as appearing in the latest audited financial statement.

9. RBI PRUDENTIAL PRECONDITIONS

Before recommending or declaring a dividend, the Company shall satisfy the minimum prudential requirements prescribed in the prevailing RBI Dividend Directions, including the following:

Parameter	Minimum requirement
Capital adequacy	The Company shall have met every applicable regulatory capital requirement, including CRAR, Tier I capital, Tier II capital, leverage ratio and ANW, as applicable, for each of the last three financial years, including the financial year for which dividend is proposed. If the Company has existed for less than three financial years, the requirement shall apply from registration. The applicable minimum requirements shall be determined under the prevailing RBI prudential norms on capital adequacy.
Net NPA	The NNPA ratio shall be less than 6% in each of the last three financial years, including as at the close of the financial year for which dividend is proposed.
Statutory reserve	The Company shall comply with Section 45-IC of the Reserve Bank of India Act, 1934, including the required transfer to the reserve fund before declaration of dividend.
Regulatory compliance	The Company shall comply with prevailing RBI regulations and guidelines, and the RBI shall not have placed any explicit restriction on declaration of dividend.

If the Company does not meet the applicable capital adequacy or NNPA requirements for each of the last three financial years, it may nevertheless be eligible to declare dividend, subject to a cap of 10% on the dividend payout ratio, provided that it meets the applicable capital adequacy requirements (including CRAR, Tier I capital, Tier II capital, leverage ratio and ANW, as applicable) as at the close of the financial year for which dividend is proposed, has an NNPA ratio of less than 4% as at that date, and complies with all other applicable conditions.

10. BOARD OVERSIGHT AND DECISION-MAKING

The Board has sole responsibility for declaring an interim dividend and recommending a final dividend to the shareholder. Subject to applicable law. The final dividend shall be declared only upon approval by the shareholders at the Annual General Meeting. While considering a proposal, it shall review the factors in this Policy, the Company's long-term growth plans, RBI supervisory findings on divergence in NPA classification

and provisioning, statutory auditor qualifications or emphasis of matter, and management's assessment of capital, liquidity and business requirements. The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceiling applicable under the RBI Dividend Directions.

A dividend proposal shall be supported by a note setting out, at a minimum, distributable profit, the proposed amount and rate, the dividend payout ratio, compliance with the RBI eligibility conditions and ceiling, statutory reserve transfer, capital and liquidity impact, contractual restrictions, and required regulatory or stock-exchange filings.

The Board's decision shall be final, subject to shareholder approval for final dividend and the powers of regulatory or statutory authorities. No shareholder has a right to demand dividend merely because the Company reported a profit or paid dividend in an earlier year.

11. QUANTUM OF DIVIDEND AND PAYOUT RATIO

Computation of Dividend and Payout Ratio $\text{Dividend payout ratio} = \frac{\text{total dividend payable for the financial year (including interim dividend)}}{\text{audited net profit for that financial year}} \times 100$.

The proposed dividend shall include dividend on equity shares and on compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital / Owned Fund, as applicable. Where net profit includes exceptional and/or extraordinary profits or income, or the financial statements contain a statutory auditor qualification (including an emphasis of matter) indicating an overstatement of net profit, the relevant amount shall be reduced from net profit while determining the dividend payout ratio. The applicable dividend payout ceiling shall be determined based on the Company's regulatory classification, public funds profile and customer interface status prevailing as on the relevant dividend declaration date, in accordance with the RBI Dividend Directions.

Where the Company is classified as an NBFC-Base Layer having customer interface and accepting public funds, ceiling of on the dividend payout ratio is 50% under the RBI Dividend Directions.

The regulatory ceiling is a maximum, not a target. The Company has not adopted a fixed payout ratio. The Board may recommend or declare a lower dividend, or no dividend, after considering the circumstances in this Policy. The total interim and final dividend for a financial year shall remain within the applicable ceiling, and no ad hoc dispensation shall be assumed.

The prudential treatment of reversal of excess provision, dividend payment by the Company on reversal of such provisions, and unrealised profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be governed by the Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025, as amended from time to time.

12. DECLARATION, RECORD DATE AND PAYMENT PROCESS

Board meeting: the proposal shall be placed before the Board with the compliance note described in this Policy.

Stock-exchange compliance: prior intimation, outcome disclosure, record-date notification and related filings shall be made within the timelines prescribed by the prevailing Listing Regulations and stock-exchange requirements.

Shareholder approval: final dividend shall be placed before shareholders at the Annual General Meeting and shall not exceed the amount recommended by the Board.

Eligibility and payment: the record date or book-closure requirements shall be observed and payment shall be made to eligible shareholders within the statutory timeline, preferably through electronic means where valid bank details are available. The amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend

Unpaid dividend and IEPF: unpaid or unclaimed amounts, and the related shares where applicable, shall be handled in accordance with Sections 124 and 125 of the Act and the applicable IEPF rules.

13. UTILISATION OF RETAINED EARNINGS

Retained earnings may be used to strengthen the Company's capital and liquidity, support lending and business growth, meet technology and operating requirements, discharge debt and contractual obligations, absorb expected or unexpected losses, make strategic investments, fund acquisitions or new initiatives, and for any other purpose permitted by law and approved by the Board.

14. ROLES AND RESPONSIBILITIES

Responsible function	Key responsibility
Board of Directors	Determine whether dividend is prudent; declare interim dividend or recommend final dividend; ensure the annual total remains within the applicable ceiling.
Chief Financial Officer / Finance	Prepare the financial, capital, liquidity and payout-ratio analysis; confirm distributable profits, adjustments, reserves and funding impact.
Company Secretary & Compliance Officer	Coordinate governance approvals; verify Companies Act, SEBI and RBI procedural compliance; maintain records; make required disclosures and regulatory reports.
Risk and Compliance functions	Provide input on prudential compliance, supervisory observations, covenants, asset quality and material risks relevant to the proposal.

15. REPORTING AND DISCLOSURES

- The Company shall report details of dividend declared during the financial year, in the format prescribed in Annex I to this Policy, to the Regional Office of the RBI's Department of Supervision under whose jurisdiction the Company is registered, within a fortnight after declaration of dividend or within any revised timeline prescribed by RBI.
- The Company shall make all disclosures required under the Listing Regulations, including disclosure of the Board's decision and the record date, as applicable.
- This Policy shall be hosted on the Company's website and disclosed in the annual report to the extent required by applicable law. The current corporate website is www.unifinz.in.
- Records supporting eligibility, payout computation, approvals, filings and payment shall be maintained in accordance with the Company's record-retention framework and applicable law.

16. REVIEW, AMENDMENT AND INTERPRETATION

The Company Secretary & Compliance Officer shall review this Policy at least annually and earlier when required by a material change in law, RBI classification, funding profile, business model or governance expectations. Amendments require Board approval unless a change is purely administrative or is necessary to incorporate a mandatory legal or regulatory requirement, in which case it shall be placed before the Board for noting or ratification at the earliest practicable opportunity.

The Board may issue clarifications for implementation of this Policy. Any question of interpretation shall be resolved in a manner consistent with prevailing law and regulatory guidance.

17. DISCLAIMER

This Policy sets out guiding principles and does not constitute a commitment, guarantee or representation that a dividend will be declared or paid in any period. Dividend remains subject to the Company's financial position, the Board's judgment, shareholder approval where required, and all applicable laws, directions, restrictions and contractual obligations.

Annex I - REPORTING FORMAT FOR AN NBFC DECLARING DIVIDEND

Details of dividend declared during the financial year beginning on April 1, 20____

Name of the NBFC: Unifinz Capital India Limited

Accounting period*	Net profit for the accounting period (in INR crore)	Rate of dividend (in %)	Amount of dividend (in INR crore)	Dividend payout ratio (in %)
1	2	3	4	5

* Quarter, half year or year ended, as the case may be.