



**STAR HOUSING FINANCE LIMITED  
DIVIDEND DISTRIBUTION POLICY**

### **Background:**

The Policy is made pursuant to the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'). The company is required to formulate and adopt Dividend Distribution Policy. The Company is required to disclose the same in the Annual Reports and on website of the Company.

This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes.

### **Preamble:**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of profits generated by the Company. The profits earned by the Company can either be retained in business to use for acquisitions, expansion or diversification or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to balance between dividend payout and profits to be retained.

### **Objective:**

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company and to strike the right balance between the quantum of dividend and amount of profits to be retained in the business for future requirements. The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend payout plans but various factors having impact on the profits and operations of the Company will be required to be considered before recommending / declaring dividends.

The Company operates in the high potential and fast growing business segment which offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will override considerations of returning cash to the shareholders. In case in future, the Company generates profit and decides to pay dividend to its shareholders, in this context, it is important to provide clarity on dividend payout philosophy of the Company.

### **Category of Dividends:**

The Act provides for two forms of Dividend i.e. Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in Annual General Meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

**The dividend distribution policy shall include the following parameters:**

- a) the circumstances under which the shareholders may or may not expect dividend;
- b) the financial parameters that will be considered while declaring dividend including profitability, cash flow, future business plan, capital expenditure etc;
- c) internal and external factors that will be considered for declaration of dividend;
- d) policy as to how the retained earnings will be utilized; and
- e) parameters that will be adopted with regards to various classes of shares

If the Company proposes to declare dividend on the basis of parameters other than those mentioned in the policy or proposes to change its dividend distribution policy then the company is required to disclose the same along with its rationale in its annual report and on its website.

**Provisions of the Companies Act, 2013 regarding distribution of dividend:**

The Company has to comply with the provisions of the Companies Act before declaring any dividend. Dividend shall normally be paid out of current year's profits. However, in the absence of or inadequate profits in any financial year, the Company may declare dividend out of balance in surplus in the Profit & Loss account.

Further, in the event of absence or inadequate profits, the Company can also declare dividend out of reserves after complying with the provision the Companies (Declaration and Payment of Dividend) Rules, 2014.

**Factors affecting the Company's approach to dividend payout:**

Dividend is declared after considering the impact of following factors which include:

- Capital expenditure and future plans,
- Stakeholder's expectations,
- Business environment,
- Change in Government Policies and general macro-economic conditions,
- Changes in various legal and regulatory frameworks
- Health of overall Industry
- Amount of profits retained for meeting the business requirements of the Company
- Debt servicing requirements of the company
- Past dividend trends
- Dividend payout of companies in the comparable business
- Investment opportunity

**Utilisation of Retained earnings:**

The Company firmly believes that consistent growth will maximize shareholders value. Thus, the Company will endeavour to utilize retained earnings for its business expansions, growth opportunities, acquisitions, investments etc. in the best interest of the Company and its stakeholders.

**Circumstances under which shareholders may or may not expect dividend:**

The Company can declare dividend after complying with all the applicable laws. However, the Board of Directors may decide not to declare any dividend in case they are of the opinion that there are unfavorable internal / external conditions or the Company has better opportunity in reinvesting the funds.

**Parameters for distribution of dividends for various classes of shares:**

Presently the Company has only one class of share i.e. Equity Share and there are no plans for issue of any other class of share. However, as and when the Company plans to issue any other classes of shares, the Policy will be modified suitably to include the parameters for distribution of dividend.

**Review:**

This Policy will be reviewed as and when the Board of Directors of the Company as it may deem fit.

**Amendments to Policy**

In case of any conflict between this Policy and the statutory law/regulations, the later shall prevail.

Further, this Policy can be modified/amended by the persons authorised by the Board in this regard. Subsequently, the modified policy should be placed before the Board for its ratification.

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