CFREDIFIN LIMITED

(formerly known as PHF Leasing Limited)

Dividend Distribution Policy

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INTRODUCTION AND OBJECTIVE:-

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), top one thousand listed companies based on market capitalization, are required to formulate a dividend distribution policy, and the same is to be disclosed in the company's annual report and on its website. Credifin Limited ("the Company"), in compliance with the requirements of Regulation 43A on voluntary basis as a part of good corporate governance, has adopted this Dividend Distribution Policy (the "Policy") inter-alia to elaborate the parameters to be considered by the Board before declaring / recommending any dividend distribution, keeping in view the Company's policy of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Board of Directors may, at their discretion deviate from the parameters listed in the Policy.

The Company being a Non-Deposit-Taking Non-Banking Financial Company is governed by the Reserve Bank of India ("RBI"). Annexure I to this Policy specifies the provisions listed out by RBI, compliance of which shall be ensured by the Company, in addition to provisions under the Companies Act, 2013, the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 read with the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025 and other applicable regulatory provisions.

DEFINITIONS

"Applicable Laws" shall mean the Companies Act, 2013 and the rules made thereunder, including Section 24 thereof relating to administration of dividend provisions by the Securities and Exchange Board of India in case of listed companies, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 43A thereof and the circulars issued thereunder, the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025 dated November 28, 2025, and such other acts, rules, regulations, circulars or directions as may be applicable in relation to declaration and distribution of dividends, as amended from time to time.

"**Board" or "Board of Directors**" means the board of the directors of the Company.

"**Companies Act**" means the Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

"**Company**" means Credifin Limited.

"**Dividend"** Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend" means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them.

"**Financial Year**" means the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

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"**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"**Policy**" shall mean this Dividend Distribution Policy of the Company.

Words and expressions used and not defined in this Policy but defined in the Companies Act, Listing Regulations or other Applicable Laws shall have the same meaning respectively assigned to them in those Applicable Laws.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders: • Profits earned during the financial year
• Retained Earnings
• Earnings outlook for next three to five years
• Expected future capital / liquidity requirements
• Any other relevant factors and material events.

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

• Macro-economic environment – Significant changes in Macroeconomic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates

• Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged

• Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

While the decision to declare / recommend dividend shall primarily be dependent on the parameters mentioned above as well as Parameters mentioned in Annexure-1, the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion / diversification plans requiring higher capital allocation
-Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow
- Requirement of higher working capital to support business and operations of the Company
- Proposal for corporate action requiring significant capital outflow such as buy-back of securities
- In the event of loss or inadequacy of profit or cash flow available for distribution
- Such other circumstances which the Board of Directors may consider relevant

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UTILISATION OF RETAINED EARNINGS

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

CLASSES OF SHARES

Dividend distribution policy is applicable for all class of shares, though currently, the Company has issued only equity shares and has only one class of equity shares.

INTERIM AND FINAL DIVIDEND

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board Meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

DISCLOSURES

The Policy shall be disclosed on the website of the Company.

REVIEW OF POLICY

The Audit Committee shall review the policy annually and shall recommend all necessary changes to the Board of Directors for their consideration and noting. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force. In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

RESERVE BANK OF INDIA GUIDELINES ON DECLARATION OF DIVIDENDS BY NBFCS

Factors to be considered for Payment of Dividend

The Board of Directors shall, while considering the proposals for dividend, take into account the following aspects:
(a) Supervisory findings of the Reserve Bank of India on divergence in classification and provisioning for Non Performing Assets;
(b) Qualifications in the Auditors' Report to the financial statements; and
(c) Long term growth plans of the Company.

The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in the RBI Guidelines.

Eligibility Criteria for Payment of Dividend

The Company shall comply with the following minimum prudential requirements, as prescribed under the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025, to be eligible to declare dividend:

Sr. No.	Parameters	Requirement
1.	Capital Adequacy	The Company should have met the following regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed: • Maintain a minimum capital ratio consisting of Tier I and Tier II capital not less than 15 percent of aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. • The Tier I capital at any point of time, shall not be less than 10 per cent.
2.	Net NPA	The net NPA ratio shall be less than 6 per cent in each of the last three financial years, including as at the close of the financial year for which dividend is proposed to be declared.
3.	Leverage Ratio	The leverage ratio of the Company shall not exceed seven at any point of time, or such other limit as may be prescribed by the Reserve Bank of India from time to time.
4.	Other criteria	• The Company shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934(i.e. the Company has to transfer at least 20% of its net profit to the regulatory reserve fund). • The Company shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank of India shall not have placed any explicit restrictions on declaration of dividend

Dividend Payout Ceiling

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The ceiling on dividend payout ratio for the Company, if compliant with the Eligibility Criteria to declare dividend, shall be 50% . Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital/Owned Fund, as applicable.

In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

If the Company does not meet the Eligibility Criteria prescribed above for each of the last three financial years, it may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided it complies with the following conditions:
(a) meets 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
(b) has net NPA of less than 4 per cent as at the close of the financial year

The Company Shall ensure that the total dividend proposed for the financial year does not exceed the ceiling specified in this policy.

The prudential treatment of reversal of excess provision, dividend payment by an NBFC on reversal of such provisions and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be guided by the instructions contained in Reserve Bank of India (Non –Banking Financial Companies –Transfer and Distribution of Credit Risk) Directions, 2025.

Reporting: The company shall furnish within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank in the format as may be prescribed in Reserve Bank of India (Non-Banking Financial Companies–Prudential Norms on Declaration of Dividends) Directions, 2025:-

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

Name of the NBFC – _________

Accounting Period*	**Net profit for the accounting period (Rs. Crore)**	Rate of dividend (%)	Amount of dividend (Rs. crore)	Dividend Pay Out Ratio (%)

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