

**JMJ FINTECH LIMITED**  
**(Formerly Known as Meenakshi Enterprises Limited)**

**Policy for Distribution of Dividends**

*[Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

The Policy for Distribution of Dividends shall come into effect from the date it is approved by the Board of Directors.

The Policy is being framed in compliance with the requirement stipulated under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for distribution of dividends, based on the following parameters:

**OBJECTIVE**

This Policy intends to create a framework for deciding distribution of profits created by the Company as dividend to its equity shareholders.

**TIMING OF DIVIDEND DECLARATION**

The Board of Directors may declare one or more interim dividends any time during the financial year. The Board may recommend final dividend after approval of the audited financial statements by the Board and will be paid after approval of shareholders in the Annual General Meeting. Board will consider Financial and other parameters stated in the policy for declaring both interim dividend and also for recommending final dividend.

**FINANCIAL PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDEND**

1. The Board of Directors may declare dividend after considering various financial parameters. Financial parameter will include but not limited to profit for the period, availability and need of liquidity in the Company, Capital to Risk Assets Ratio, Leverage ratio , Net Interest Margin , Operating Expenses Ratio , Return on Assets , requirement of maintaining reserves including statutory reserves prescribed by various regulators such as Debenture redemption reserve, fund requirement for future expansion etc.
2. Dividends shall generally be declared out of the Standalone Profit After Tax of the Company relating to the current financial year, subject to any other regulatory provisions that may be introduced from time to time. The consolidated performance will be not considered for declaration or recommendation of dividend.
3. The Board will generally endeavour to maintain an even dividend per share every year but this shall be subject to review by Board on various parameters including financial parameters at the time of declaration or recommendation of dividend.

**INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND**

The factors, internal and external, to be considered by the Board, for determining the declaration of dividend, will include the following:

- a) Internal Factors
  - Business growth
  - Yield on Loans
  - Cost of Borrowing
  - Operating Expenses
  - Quality of assets and NPA
  - Profitability of the Company
  - Asset-Liability Management Position
  - Ability to raise or availability of Debt capital

- Future fund requirements in business
- Carried forward balance in P & L account
- Accumulated reserves

b) External Factors

- Macro-economic environment
- Overall retail credit growth in the economy.
- Liquidity position in the economy
- Performance and Outlook of the Gold Loan sector
- Monetary policy of Reserve Bank Of India
- Changes in government policies
- Regulatory changes
- Change in tax structure applicable on dividend both for the Company as well as Shareholders.

**OTHER FACTORS TO BE CONSIDERED FOR DECLARATION 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 (National Housing Bank (NHB) for HFCs) on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- (b) Qualifications in the Auditors' Report to the financial statements; and
- (c) Long term growth plans of the NBFC.

The Board shall ensure compliance with the provisions of Circular No# RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 (as given in Annexure A) including minimum prudential requirements, quantum of dividend payable, and reporting requirements while declaring dividends.

**CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDENDS**

Shareholders of the Company may not expect declaration of dividend in below mentioned circumstances-

- i) Expectation of growth opportunity in the existing business and capital is required to be conserved for meeting the growth
- ii) In the event of an opportunity for acquisition and/or strategic investment in existing lines of business or new business where company may be required to allocate capital
- iii) In the event of requirement of working capital in business
- iv) In the event of inadequacy of cashflow available for distribution of dividend
- iv) In the event of absence or inadequacy of profits

**POLICY GUIDELINES ON UTILIZATION OF THE RETAINED EARNINGS**

The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:

- i) Business Growth ;
- ii) Capital expenditure;
- iii) Working capital requirements;

- iv) Acquisition of businesses/entities including new lines of business
- v) Declaration of dividend
- vi) Buyback of shares
- vii) Issue of Bonus Shares
- viii) Investment in new lines of business
- ix) Repayment of debt;
- x) Meeting contingency plans; and
- xi) Any other purpose as may be permitted by law

#### **PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Company has only one class of equity shares and hence there will be no differential treatment in dividend.

#### **REVIEW**

The Board shall have right to modify or amend any or all of the clauses of this policy in accordance with the provisions of the applicable laws. In case of any change in applicable laws which make any of the clauses or provisions of this policy inconsistent with changes then such changes will prevail over this policy and policy shall deemed to be amended accordingly from the date of effect of change in applicable laws.

#### **DISCLOSURES**

The Company shall make necessary disclosures in compliance with the provisions of the Listing Regulations, in particular disclosures required in Annual Report and website of the Company. The Company shall also make necessary disclosures regarding the dividend declared to the Reserve Bank of India within the timelines prescribed by RBI from time to time.

In case, Company proposes to declare dividend on the basis of parameters in addition those specified under this policy or proposes to change such additional parameters, it shall disclose such changes along with rationale for the same in its annual report and on its website.

**APPROVED**  
**Sd/-**  
**Managing Director**



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

[www.rbi.org.in](http://www.rbi.org.in)

RBI/2021-22/59

DOR.ACC.REC.No.23/21.02.067/2021-22

June 24, 2021

All Non-Banking Financial Companies (NBFCs)

Madam / Sir,

### Declaration of dividends by NBFCs

In order to infuse greater transparency and uniformity in practice, it has been decided to prescribe guidelines on distribution of dividend by NBFCs.

#### Applicability

2. These guidelines shall be applicable to all NBFCs regulated by RBI<sup>1</sup> as below:

- (a) Applicable NBFCs as defined in Paragraph 2(2) of [Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016](#); and
- (b) Applicable NBFCs as defined in Paragraph 2(2) of [Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company \(Reserve Bank\) Directions, 2016](#).

#### Effective Date

3. These guidelines shall be effective for declaration of dividend from the profits of the financial year ending March 31, 2022 and onwards.

<sup>1</sup> Including Housing Finance Companies (HFCs), Core Investment Companies (CICs), Government NBFCs, Mortgage Guarantee Companies, Standalone Primary Dealers (SPDs), NBFC-Peer to Peer Lending Platform (NBFC-P2P) and NBFC- Account Aggregator (NBFC-AA)

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## Board Oversight

4. The Board of Directors shall, while considering the proposals for dividend, take into account the following aspects:

- (a) Supervisory findings of the Reserve Bank (National Housing Bank (NHB) for HFCs) on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- (b) Qualifications in the Auditors' Report to the financial statements; and
- (c) Long term growth plans of the NBFC.

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

## Eligibility criteria

5. NBFCs shall comply with the following minimum prudential requirements to be eligible to declare dividend:

**Table 1: Declaration of Dividend: Minimum Prudential Requirements**

Sl. No.	Parameter	Requirement
1.	Capital Adequacy	<p>(a) NBFCs (other than Standalone Primary Dealers) shall have met the applicable regulatory capital requirement (refer <a href="#">Annex I</a>) for each of the last three<sup>2</sup> financial years including the financial year for which the dividend is proposed.</p> <p>(b) Standalone Primary Dealers (SPDs) should have maintained a minimum CRAR of 20 per cent for the financial year (all the four quarters) for which dividend is proposed.</p>
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>(a) NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. HFCs shall comply with the provisions of Section 29 C of The National Housing Bank Act, 1987.</p> <p>(b) NBFCs shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank or the NHB (for HFCs) shall not have placed any explicit restrictions on declaration of dividend.</p>

<sup>3</sup>Sl.Nos.1(a) and 2 of Table 1, Paragraph 5



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<sup>2</sup> Where an NBFC has been in existence for less than three financial years, it shall be since registration.

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<sup>3</sup>Sl.Nos.1(a) and 2 of Table 1, Paragraph 5



## Quantum of Dividend Payable

6. NBFCs eligible to declare dividend as per paragraph 5 above, may pay dividend, subject to the following:

- (a) The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.
- (b) Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.
- (c) 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.
- (d) The ceilings on dividend payout ratios for NBFCs eligible to declare dividend are as under:

Table 2: Ceilings on Dividend Payout Ratio

Sl. No.	Type of NBFC	Maximum Dividend Payout Ratio (percentage)
1.	NBFCs that do not accept public funds and do not have any customer interface	No ceiling specified
2.	Core Investment Company	60
3.	Standalone Primary Dealers	60
4.	Other NBFCs	50

- (e) The Reserve Bank shall not entertain any request for ad-hoc dispensation on declaration of dividend.

7. A NBFC (other than SPD) which does not meet the applicable prudential requirement prescribed in Paragraph 5<sup>3</sup> above for each of the last three financial years, may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided the NBFC complies with the following conditions :

<sup>3</sup>Sl.Nos.1(a) and 2 of Table 1, Paragraph 5





- (a) meets the applicable capital adequacy requirement 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.

8. As per extant regulations contained in paragraph 30 of [Master Direction - Standalone Primary Dealers \(Reserve Bank\) Directions, 2016](#), in case of SPDs which have a CRAR at or above the regulatory minimum of 15 per cent during each of the quarters of the previous year, but lower than 20 per cent in any of those quarters, the dividend payout ratio shall not exceed 33.3 per cent.

### Reporting System

9. NBFC-D, NBFC-ND-SI, HFC & CIC declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in [Annex 2](#). The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of NHB, under whose jurisdiction it is registered.

10. The relevant Master Directions shall be suitably updated.

Yours faithfully,

-sd-

(Usha Janakiraman) Chief  
General Manager

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<sup>3</sup>Sl.Nos.1(a) and 2 of Table 1, Paragraph 5



## Annex 1: Applicable regulatory capital requirements as at the date of issuance of the circular

(Refer paragraph 5 of circular)

The table below enumerates the applicable capital requirements for various categories of non-banking finance companies (NBFCs) as applicable on the date of the issuance of the circular. These are subject to change in future and therefore while declaring dividend, the requirements applicable to the period under consideration need to be considered.

Sl. No.	NBFC category	Capital requirements	Reference
1.	Non-systemically important non-deposit taking (NBFC-ND) (excluding Micro-Finance Institutions (MFI) and Infrastructure Finance Companies (IFCs))	<p>Leverage Ratio</p> <p>The leverage ratio of an applicable NBFC (except NBFC-MFIs and NBFC-IFCs) shall not be more than 7 at any point of time, with effect from March 31, 2015.</p> <p>In respect of NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) they shall maintain a minimum Tier I capital of 12 percent.</p>	Paragraph 6 of Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
2.	Deposit taking (NBFC-D) and Systemically important (NBFC-NDSI) (includes all IFCs but excluding MFI and NBFC-Infrastructure Debt Funds (IDF))	<p>(a) Every applicable NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items</p> <p>(b) The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less 10 per cent</p> <p>(c) Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.</p>	Paragraph 6 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
3.	MFI	NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets. The total of Tier II Capital at	Paragraph 55 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and



Sl. No.	NBFC category	Capital requirements	Reference
		any point of time, shall not exceed 100 percent of Tier I Capital.	Deposit taking Company (Reserve Bank) Directions, 2016
4.	NBFC- IDF	The IDF-NBFC shall have at the minimum CRAR of 15 percent and Tier II Capital of IDF-NBFC shall not exceed Tier I.	Paragraph 51 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
5.	Core Investment Companies	Adjusted Net Worth Adjusted Net Worth of a CIC shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year.  Leverage Ratio The outside liabilities of a CIC shall at no point of time exceed 2.5 times its Adjusted Net Worth as on the date of the last audited balance sheet as at the end of the financial year.	Paragraph 8 and 9 of Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016
6.	Housing Finance Company	Every housing finance company shall, maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II capital which shall not be less than – 13 per cent as on March 31, 2020; – 14 per cent on or before March 31, 2021; and – 15 per cent on or before March 31, 2022 and thereafter of its aggregate risk weighted assets 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. The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital.	Paragraph 6 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
7.	Mortgage Guarantee Company	(a) A mortgage guarantee company shall maintain a capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than ten percent (10%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items or any other	Paragraph 9 of Master Directions - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016



Sl. No.	NBFC category	Capital requirements	Reference										
		percentage that may be prescribed by the Reserve Bank for the purpose, from time to time.  (b) A mortgage guarantee company shall maintain at least six percent (6%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items as Tier I capital.  (c) The total of Tier II capital, at any point of time, shall not exceed one hundred per cent of Tier I capital.											
8.	Peer-to-peer lending platform	NBFC-P2P shall maintain a Leverage Ratio not exceeding 2.	Paragraph 7(1) of Master Directions - Non-Banking Financial Company -Peer to Peer Lending Platform (Reserve Bank) Directions, 2017										
9.	Account Aggregator	The company shall not have a leverage ratio of more than seven.	Paragraph 4.2 of Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016										
10.	Government NBFCs	<div>NBFC-ND Leverage Ratio as applicable to NBFC-NDs -A roadmap for adherence by March 31, 2022 to be prepared by the Govt. NBFC – ND NBFC-NDSI and NBFC-ND</div> <table><tr><th>Requirement</th><th>Date</th></tr><tr><td>10% (min Tier I -7%;</td><td>March 31, 2019</td></tr><tr><td>12% (min Tier I -8%)</td><td>March 31, 2020</td></tr><tr><td>13% (min Tier I -9%)</td><td>March 31, 2021</td></tr><tr><td>15% (min Tier I -10%)</td><td>March 31, 2022</td></tr></table> <div>Government NBFCs that are already complying with the prudential regulation as per the road map submitted by them shall continue to follow the same.</div>	Requirement	Date	10% (min Tier I -7%;	March 31, 2019	12% (min Tier I -8%)	March 31, 2020	13% (min Tier I -9%)	March 31, 2021	15% (min Tier I -10%)	March 31, 2022	DNBR (PD) CC.No.092/03.10.001/2017-18 dated May 31, 2018
Requirement	Date												
10% (min Tier I -7%;	March 31, 2019												
12% (min Tier I -8%)	March 31, 2020												
13% (min Tier I -9%)	March 31, 2021												
15% (min Tier I -10%)	March 31, 2022												



## Annex 2 : Reporting format for NBFCs/HFCs declaring dividend

(Refer paragraph 9 of circular, to be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of National Housing Bank, under whose jurisdiction the NBFC is registered.)

Details of dividend declared during the

financial year Name of the NBFC – \_\_

Accounting period *	Net profit for the accounting period (₹ crore)	Rate of dividend (per cent)	Amount of dividend (₹ crore)	Dividend Pay out ratio (per cent)

\* quarter or half year or year ended ----- as the case may be