



9th Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001
CIN: L65922DL1988PLC033856

Dividend Distribution Policy

With effect from 24th January 2017



9th Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001

Dividend Distribution Policy

1. 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.

The objective of this policy is to establish the principles and criteria to be considered by the Board of Directors prior to recommending dividend to the equity shareholders of the PNB Housing Finance Limited ('Company').

2. Factors for recommendation/ declaration of Dividend

2.1 Internal factors

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/ declaration of dividend:

- i. Profits earned during the financial year and the need to accumulate reserves.
- ii. Capital adequacy ratio and the future capital requirement as prescribed by the Regulator.
- iii. Capital requirement for growth in the loan portfolio.
- iv. Capital expenditure and working capital requirements.
- v. Financial commitments for outstanding borrowings and interest thereon.
- vi. Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses.
- vii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- viii. Other factors and/or material events which the Board may consider from time to time.

2.2 External factors

- i. Regulatory Restrictions / Obligations.
- ii. Prevailing economic conditions.
- iii. Agreements with Lenders / Debenture Trustees.
- iv. Prevalent market practices.
- v. Shareholder expectations, including individual shareholders.
- vi. Government policies.

3. Circumstances under which shareholders may or may not expect dividend

The decision to recommend/ declare the dividend by the Board of Directors shall primarily depend on the factors listed out above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of inadequacy or absence of profits.
- ii. In the event of inadequacy of cash flow available for distribution.
- iii. In the event of a growth opportunities where the Company may be required to allocate a significant amount of capital.
- iv. In the event of higher working capital requirement for business operations or otherwise.

4. Manner of utilisation of Retained Earnings

Retained earnings shall be utilised in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.

The Company shall endeavour to utilise retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

5. Parameters for various classes of shares

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

6. Dividend pay-out ratio

The dividend pay-out ratio is maximum of 30% of profit after tax for the year, computed as per the provisions of Companies Act, 2013. The Board may declare dividend (interim and final) within this maximum limit. For the purpose of calculating the dividend pay-out ratio, the dividend distribution tax payable, if any shall be included along with dividend.

7. Review / Amendment

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.
