

Dividend Distribution Policy

OBJECTIVE

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 Housing Development Finance Corporation Limited (“the Corporation”).

The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Corporation has had a consistent dividend policy and has endeavoured to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests of the Corporation and its stakeholders.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

Statutory and Regulatory Parameters

The Corporation shall declare dividend only after ensuring compliance with requisite regulations and directives as stipulated by the National Housing Bank, provisions of the Companies Act, 2013 and rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.

Financial Parameters

- Growth in the loan portfolio;
- Funding and liquidity considerations;
- Leverage ratios;
- Profits earned during the financial year;
- Accumulated reserves;
- Investment requirements for the Corporation in its subsidiaries and associate companies;
- Expected future capital/liquidity requirements;
- Compliance with covenants contained in any agreement entered into by the Corporation with its lenders/debenture trustees, if any;
- Other factors and/or material events which the Board may consider.

External Factors

- Shareholder expectations, including individual shareholders;
- Macro-economic conditions;
- Taxation provisions;
- Government policies.

As a general policy, in each financial year, the Corporation shall endeavour to payout a dividend in the range of 35% to 50% of the Corporation's annual net profit after tax. This, however, may not consider circumstances such as one-off exceptional income or unforeseen financial disruptions which could impact the profitability of the Corporation and would need conservation of capital. Any deviation shall be provided by way of a commentary or explanation in the Directors' Report section of the Annual Report of the relevant year.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been achieved by the Corporation, including any regulatory restriction placed on the Corporation on declaration of dividend or if the Board is of the opinion that it would be prudent to conserve capital for growth or other exigencies which shall be stated by the Board.

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 Corporation.

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

DIVIDEND AND CLASSES OF SHARES

The Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof.

Currently, the Corporation does not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for equity shareholders.

CONFLICT IN POLICY

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

AMENDMENTS

To the extent any change/amendment is required in terms of applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be suitably modified to make it consistent with the law. Such amended policy shall be placed before the Board for noting and necessary ratification.

REVIEW OF POLICY

The Board shall review the Dividend Distribution Policy of the Corporation periodically.

DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Corporation and placed on the Corporation's website, www.hdfc.com.