

GIC HOUSING FINANCE LIMITED

DIVIDEND DISTRIBUTION POLICY

(Version 1)

Approved by Board of Directors on	28 th June, 2021
Last Reviewed on	NA
Last Amended on	NA

1. PREAMBLE

SEBI vide its notification dated 5th May, 2021 made it mandatory for the Top 1000 companies, based on market capitalization (calculated as on 31st March of every financial year) to formulate and adopt a Dividend Distribution Policy.

Accordingly, GIC Housing Finance Limited ("The Company"), being among the top 1000 companies based on the market capitalization as on March 31, 2021 has formulated this Dividend Distribution Policy (hereinafter referred to as the "Policy") in accordance with the applicable provisions of the Companies Act, 2013 and applicable SEBI regulations.

The Board of Directors ("Board") of the Company has adopted this Dividend Distribution Policy to comply with these requirements.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares in future.

2. PURPOSE, OBJECTIVES AND SCOPE

As the Company is one of the top 1,000 Companies as on March 31, 2021, the Board has laid down a broad framework for distribution of dividend to its shareholders and/ or retaining or plough back of its profits.

The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend which shall be consistent with the performance of the Company over the years.

3. SCOPE, LAW AND REGULATION OF DIVIDEND

The declaration and payment of dividend shall be governed by various provisions of the Companies Act, 2013 and most importantly chapter - VIII from section 123 to 127 deals with "Declaration and payment of dividend"; The Companies (Declaration and Payment of

Dividend) Rules, 2014; Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; section 27 of Security Contract Regulation Act, 1956; Income Tax Act, 1961; Secretarial Standards on Dividend (SS-3); NHB/ RBI Guidelines / Circulars / Notifications, SEBI Guidelines / Circulars etc. / any other applicable law as amended from time to time and to the extent applicable.

The Company will adhere to the provisions of Law as stated herein above para, as amended from time to time and to the extent applicable.

Trading Window: In terms of regulation 2(1)(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015, declaration of dividends shall be treated as "Unpublished Price Sensitive Information" hence company shall comply with norms / compliances of trading window read with company's Insider Trading Policy viz. Code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders pursuant to regulation 9(1) and Schedule B of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Secretarial Standards: The Company will comply with Secretarial Standards as and when the Secretarial Standards are notified enforced by the Ministry of Corporate Affairs.

Right / Title to dividends: It shall be governed by Section 27 of Security Contract Regulation Act, 1956 and other applicable laws, rules and regulation as amended and enforced from time to time.

4. FACTORS FOR RECOMMENDATION/ DECLARATION OF DIVIDEND

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

Internal factors –

- a) Profits earned during the financial year and the need to accumulate reserves as per operational requirements and other applicable regulatory requirement of the Company.
- b) Net Owned Funds, Capital adequacy ratio and the future capital requirement as prescribed by the Regulator.
- c) Capital requirement for growth in the loan portfolio.
- d) Capital expenditure and working capital requirements.
- e) Financial commitments for outstanding borrowings and interest thereon.
- f) Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses.

- g) Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- h) Other factors and/or material events which the Board may consider from time to time.

External factors –

- a) Regulatory Restrictions / Obligations.
- b) Prevailing economic conditions and market practices.
- c) Shareholders expectations for future growth of the company.
- d) Government policies.
- e) Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend Distribution.
- f) Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve.
- g) Other factors and/or material events which may be considered by Board from time to time.

5. 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: -

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

However, the Board shall be ultimate the authority to decide to recommend dividend to shareholders of the Company in the above circumstances.

6. 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 in long run.

7. POLICY REVIEW AND AMENDMENTS

The Policy will be reviewed periodically by the Board. The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable Rules / Regulations, etc.

Such amendments in the Policy shall be periodically placed before the Board for adoption.

8. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Companies Act, 2013, Listing Regulations and or any other Act, rules and regulations, the latter shall prevail over this policy.

Disclaimer:

- a) *The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.*
- b) *Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.*