



DHANLAXMI BANK

DIVIDEND DISTRIBUTION POLICY

Version 1.0

Date: 29.09.2021

DOCUMENT DETAILS

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DOCUMENT VERSION 1.0 - CHANGE CONTROL

Sr.No.	Name	Designation	Purpose
1	Mr. Venkatesh. H	Company Secretary & Secretary to	Review and Sign off
2	Mr. Rakesh V.D	Assistant Manager	Author

DOCUMENT VERSION HISTORY

Sr.No.	Date of Document	Version	Remarks
1	Date of approval by the Board	1.0	Formation of policy / Initial Version

Dividend Distribution Policy	Head-Secretarial Department	Department Heads	MD &CEO	Audit Committee	Board
	R/A	C	C/I	I	I

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1. INTRODUCTION

Dhanlaxmi Bank Limited is a public company incorporated on November 14, 1927 with limited liability under the Companies Act, 1913 and is a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

Being a banking entity, the Bank is required to ensure compliance with the provisions of the Banking Regulation Act, 1949, guidelines and circulars issued by the Reserve Bank of India on declaration and payment of dividend, as amended from time to time. Beside the same, being a public limited company listed with NSE and BSE and having ranked with top 1000 of the listed entities in terms of Market Capitalization, the Bank is also required to ensure the compliance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time to the extent applicable to Banking Companies in terms of the policy with regard to Dividend Distribution.

This policy documents the guidelines on payment of dividends and sets out the key considerations, which shall be considered by the Board of the Directors of the Bank for arriving at the dividend payout decision. The Board shall have the discretion to determine the percentage of dividend to be recommended based on the considerations laid out in this policy and other relevant developments.

2. DEFINITIONS

In this Policy:-

“Board” shall mean Board of Directors of the Bank.

“Dividend” shall mean Dividend as defined under the Companies Act, 2013.

“Policy” shall mean Dividend Distribution Policy.

3. OBJECTIVE OF THE POLICY

The objective of this policy is to lay down the criteria to be considered by the Board before recommending dividend to the shareholders for a financial year. This policy is framed in compliance to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, relevant and applicable provisions of Companies Act, 2013 and RBI guidelines.

4. CRITERIA TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

The Board may consider the following factors before recommending dividend:-

I. Statutory and Regulatory Compliance:

The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, regulatory guidelines on dividend declaration issued by the Reserve Bank of India (RBI) from time to time, provisions of the Companies Act, 2013 and rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended and to extent applicable to banking companies.

II. Financial Criteria:

- Financial performance of the Bank for the year for which dividend is recommended
- Any interim dividend paid
- Internal capital planning framework/policy
- Cost of raising funds from alternative sources of capital
- Dividend payout trends
- Such other factors and /or material events which the Board may consider relevant

III. External Factors

- Shareholder expectations
- Macro-economic environment

5. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The recommendation of dividend by the Board is dependent on various factors including eligibility criteria imposed by the regulators for recommendation & declaration of dividend, capital and reserve position of the Bank and other key financial parameters. Based on the applicable regulatory framework and financial position, the Board may or may not decide to recommend dividend.

6. UTILISATION OF RETAINED EARNINGS

The Bank would utilize the retained earnings in compliance with the regulatory guidelines and a manner which is beneficial to the interest of the Bank and its stakeholders, including but not limited to, ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Bank's future business growth/expansion and strategic plans or for such other purpose the Board may deem fit from time to time in the interest of the Bank and its stakeholders.

7. PARAMETERS FOR VARIOUS CLASSES OF SHARES

Currently, the Bank has only one class of shareholders and the dividend declared will be distributed among the shareholders, based on their shareholding, on the record date fixed for ascertaining the dividend entitlement.

8. AMENDMENTS/MODIFICATIONS/ REVIEW OF POLICY

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

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The Policy will be available on the Bank's website and web-link of the same will also be disclosed in the Bank's Annual Report.