

## POLICY DOCUMENT FOR DIVIDEND DISTRIBUTION

### 1. Need for the Policy:

The Securities and Exchange Board of India (SEBI) vide its notification dated July 8, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by inserting a fresh regulation 43A vide which, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) need to formulate a Dividend Distribution Policy (DDP/the Policy) which shall be disclosed in their annual reports and on their websites.

As the Bank is one of the top five hundred companies as on 31<sup>st</sup> March 2016, we are required to frame a dividend distribution policy, based on the parameters specified in the SEBI Regulations.

### 2. Name and Scope of the Policy:

This Policy shall be known as “DCB Bank Limited-Dividend Distribution Policy” (“the Policy”). The Policy of the Bank is aimed at balancing the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth.

### 3. Criteria for declaration and payment of Dividend:

The Board of Directors of the Bank shall declare / pay dividend only after compliance with the applicable provisions the Companies Act, 2013 and Rules framed there under (as amended), Banking Regulation Act, 1949, Circulars issued by RBI from time to time in this regard, SEBI (LODR) Regulations, 2015, Articles of Association of the Bank and such other regulatory compliances, as may be required from time to time.

### 4. Effective Date of Applicability:

Effective Date of Applicability shall be the date on which the Board of Directors of the Bank approves the Policy.

### 5. Conditions Precedent for declaring /recommending dividend :

- a) Financial Parameters:-While recommending/declaring dividend, other than the regulatory requirements, the Board of Directors of the Bank (the Board) shall also consider other financial parameters such as trend of profitability, future business plans, capital adequacy projections, capital expenditure requirements, cash flow position, minimum liquidity, CRR & SLR Ratio, Provisioning requirements etc.
- b) Internal and External Factors:- While recommending/declaring dividend, the Board shall also consider various factors, internal as well as external such as global market conditions especially for Banking Industry, consistency in earning profit in the past as well as possibility of the same for future, changes in policies of government, future business plans, market competition, dividend history, legal aspects, Tax payable on dividend etc

### 6. Circumstances for Dividend Expectation:

Subject to the compliance with various regulatory requirements applicable to the Bank, the recommendation of any dividend would always be at the sole discretion of the Board of Directors who will be doing so by considering various factors which it may deem necessary.

As per the extant regulatory guidelines applicable to the Bank, the Bank can pay dividend only out of the relevant year's profit. The Bank will follow these guidelines subject to changes therein from time to time. Further, Dividend Payout Ratio may differ year on year depending

on the internal and external factors including the few mentioned above. The Board may also skip dividend for any particular year (s) if it felt necessary to conserve the resources for meeting any exigencies or for business expansion.

**7. Provisions with regard to various classes of shares:**

The Bank currently has only one class of shares, namely Equity Shares. In case of issuance of any other class of shares in future, the parameters shall be decided suitably by the Bank at appropriate time.

**8. Manner of Payment of dividend:**

As per Regulation 12 of SEBI (LODR) Regulations, the Bank shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or Demand drafts will be issued to the eligible shareholders.

**9. Utilization of Retained Earnings:**

The retained earnings will mainly be utilized for the purpose of the Bank's growth plans and such other purposes as per the guidelines issued by RBI, provisions of the Companies Act, 2016, other applicable regulatory provisions and the guidelines issued by Government of India from time to time.

**10. Tenure:**

This Policy will be in force till the time it is not amended or revoked by the Board. In the event of variance between the Policy and Regulatory changes, the same will be effective till the Policy is amended in line with the regulatory changes.

**11. Approval and amendment of the Policy:**

The aforesaid Dividend Distribution Policy has been approved by the Board of Directors at its meeting held on January 14, 2017 w.e.f. February 01, 2017, which is subject to periodic review and necessary amendments by the Board of Directors, as may be deemed necessary.

**12. Website Updation:**

The Bank shall update the Policy on its website and shall replace the same with a new version as and when any change is made thereto.