

**DIVIDEND DISTRIBUTION POLICY**

**Parsvnath Developers Limited**

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### 1. PREAMBLE

This Dividend Distribution Policy has been formulated by the Company in compliance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and has been adopted by the Board of Directors of the Company in its meeting held on August 13, 2021.

### 2. DEFINITIONS

- a) "Act" means the Companies Act, 2013, as amended from time to time.
- b) "Board" means Board of Directors of the Company.
- c) "Company" means Parsvnath Developers Limited.
- d) "Directors" mean Directors appointed to the Board of Directors of the Company.
- e) "Dividend" includes any interim dividend.
- f) "Policy" means Dividend Distribution Policy, as amended from time to time.
- g) "SEBI" means Securities and Exchange Board of India

### 3. OBJECTIVES

The Securities and Exchange Board of India ("SEBI") vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 effective from May 5, 2021, has amended Regulation 43A of the Listing Regulations and made it mandatory for top 1000 listed companies based on their market capitalization calculated as on the 31st day of March of every year, to have a Dividend Distribution Policy in place.

As the Company is one of the top 1000 listed companies as on March 31, 2021 based on Market Capitalization, the Board has laid down a framework for distribution of dividend to its shareholders and/ or retaining its profits keeping in view the various factors.

### 4. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING / DECLARING DIVIDEND

#### I. FINANCIAL PARAMETERS / INTERNAL FACTORS

- 1. Current year's profit/ Inadequacy of profit
- 2. Accumulated reserves
- 3. Distributable surplus available, as per the various Acts, Regulations and applicable Accounting Standards
- 4. The Company's liquidity position including its working capital requirements and debt servicing obligations
- 5. Return on invested capital



6. Operating cash flow and future cash flow needs
7. Capital expenditure requirements.
8. Long term growth strategy of the Company requiring it to conserve cash to execute growth plan
9. Funds requirement for contingencies and unforeseen events with financial implications
10. Cost of Borrowings
11. Stipulations/ Covenants of loan agreements
12. Capital market scenarios

### II. EXTERNAL FACTORS

1. Government Policies and any changes therein
2. Industry Outlook Macro- economic conditions and any changes therein
3. Cost and availability of alternative sources of financing
4. Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
5. Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve
6. Any other relevant factors that the Board may deem fit to consider before declaring / recommending Dividend.

### III. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

1. The Board shall consider the various factors including the current year's profit before determination of any dividend payout keeping in view the requirement of funds for future expansion and growth of the Company.
2. The shareholders of the Company may not expect Dividend under the following circumstances:
  1. Significant expansion of the projects requiring higher allocation of funds;
  2. Requirement of higher working capital adversely impacting free cash flow;
  3. Acquisitions or joint ventures requiring significant allocation of funds;
  4. Utilization of surplus cash for buy-back of securities;
  5. In the event of inadequacy of profits or whenever the Company has incurred losses;
  6. Constrained liquidity position of the Company;
  7. Any of the internal or external factors restraining the Company from considering dividend;



#### **IV. UTILIZATION OF RETAINED EARNINGS**

1. Retained earnings shall be utilized in accordance with prevailing regulatory requirements, for creating reserves for specific objectives, reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company.
2. The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

#### **V. PARAMETERS WITH RESPECT TO VARIOUS CLASSES OF SHARES**

1. The Company has issued only one class of equity shares.
2. In case the Company issues different class of shares at any point of time, the payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
3. The dividends shall be paid and allocated among shareholders on *pro-rata* basis according to the number of each type and class of shares held by them.

#### **5. APPLICABILITY OF THE POLICY**

The Policy shall apply to the recommendation / declaration of dividend on equity shares of the Company. The Board may use its discretion to recommend/ declare the dividend on the basis of additional parameters not listed in the Policy.

#### **6. REVIEW AND AMENDMENT**

The Policy may 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 Act or Listing Regulations.

#### **7. DISCLOSURE OF THE POLICY**

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website.

#### **8. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the statutory provisions, the statutory provisions shall prevail.



*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/shareholders are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.*

