

# **L.G.BALAKRISHNAN & BROS LIMITED**

## **Dividend Distribution Policy**

Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy of the Company at its meeting held on 29<sup>th</sup> May, 2006.

Dividend will be declared out of the current year's Profit after Tax of the Company. Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions.

In order to continue high growth initiate the Board has formulated a dividend policy with the total pay out in the range of 20% to 25% of the net earnings for each year with exact percentage being decided based on capital expenditure and expansion for the period.

### **Factors to be considered for Dividend Pay-out**

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividends:

- Stability of earnings;
- Cash flow from operations;
- Consolidated net operating profit after tax;
- Working capital requirements;
- Future capital expenditure, inorganic growth plans and reinvestment opportunities;
- Resources required to fund acquisitions and/or new business;
- Industry outlook and stage of business cycle for underlying businesses;
- Leverage profile and capital adequacy metrics
- Overall economic / regulatory environment
- Contingent liabilities
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

### **General**

Retained earnings will be used inter alia for the Company's growth plans, working capital requirements, debt repayments and other contingencies.

If the Board decides to deviate from this policy, the rationale for the same will be suitably disclosed. This policy would be subject to revision / amendment on a periodic basis, as may be necessary. This policy (as amended from time to time) will be available on the company's website and in the annual report.