



LAKSHMI MACHINE WORKS LIMITED

CIN: L29269TZ1962PLC000463

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Dividend Distribution Policy ('Policy') has been developed in accordance with the provisions of the Companies Act, 2013, rules framed thereunder and the Articles of Association of Lakshmi Machine Works Limited ('Company').

This policy is intended to inform the Shareholders of the Company about the approach of the Board of Directors ('Board') of the Company towards declaration of dividend and utilisation of retained earnings.

2. REQUIREMENT

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, specifies that the Company formulate a Dividend Distribution Policy which shall be disclosed in the Annual Reports and on the website of the Company.

3. OBJECTIVE

This Policy intends to make available the following information to the Shareholders of the Company:

- a. The circumstances under which the shareholders of the Company may or may not expect dividend.
- b. The External and Internal factors including financial parameters that shall be considered by the Company while declaring dividend.
- c. Method in which the Company will utilise Retained Earnings.

4. POLICY

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAYNOT EXPECT DIVIDEND:

The Company and its Board is committed to deliver sustainable value to all its stakeholders including the Shareholders. The Company will strive to distribute an optimal and appropriate level of profits earned by it in its business, with the Shareholders, in the form of Dividends. However the Company reserves the right to suspend dividend distribution during any year it feels that distribution of dividends will jeopardize the Company's financial condition.



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EXTERNAL, INTERNAL FACTORS AND FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Declaration of Dividend and the percentage will depend upon the following factors:

External Factors

Unfavourable economic and market conditions:

Whenever the Company operates in a recessionary economic/market conditions where future business opportunities are uncertain, the Board may prefer to conserve cash so as to retain profits to build up reserves.

Government/Statutory Regulations:

Requirements of Companies Act, 2013, its rules and of any other relevant legislation will be taken in consideration while declaring dividends.

Internal Factors and Financial Parameters

Internal factors and financial parameters that may be considered by the Board before making any recommendations for Dividend include but not limited to:

1. Current year profits
2. Past year profit/loss
3. Cash flow position
4. Cost of raising funds from alternate sources
5. Present and future Capital Expenditure plans, including plans for expansion and modernisation of existing business
6. Mergers & Acquisitions including other forms of business re-organisation
7. Additional investments in subsidiary/associates of the Company
8. Fresh investments into external businesses
9. Applicable taxation rates, including tax on dividend
10. Any other factor as deemed fit by the Board.

METHOD IN WHICH COMPANY WILL USE RETAINED EARNINGS:

Companies Act 2013 defines Free Reserves (Retained Earnings) as such reserves which, as per the latest audited balance sheet of the company are available for distribution as dividend

Provided that:

- a. Any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or



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b. any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measure of the asset or the liability at fair value,

shall not be treated as Free Reserves.

The Company may put to use such Free Reserves (Retained Earnings) for the purpose of Issue of Bonus Shares, Buyback of Shares & Declaration of Dividend and for such other purposes as may be allowed by the provisions of the Companies Act, 2013 and the rules framed thereunder.

5. AMENDMENTS:

This policy may be reviewed and modified to make it to be in line with any changes, modifications or amendments in the Regulations / Acts, subject to the necessary approval of the Board of Directors of the Company.

6. BOARD'S APPROVAL:

This policy was approved by the Board of Directors at its meeting held on 6th February, 2017.