

BALKRISHNA INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

The Board of Directors (the “Board”) of Balkrishna Industries Limited (the “Company”) at its meeting held on 10th September, 2016 has adopted this Dividend Distribution Policy (the “Policy”) as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). The same is also available on the website of the Company: www.bkt-tires.com

OBJECTIVE

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

The Company has had an uninterrupted dividend payout since last 30 years. In future, the Company would endeavor to pay sustainable dividend keeping in view the Company’s policy of meeting the long-term growth objectives from internal cash accruals.

POLICY

I. DECLARATION OF DIVIDEND ONLY OUT OF PROFITS

DIVIDEND SHALL BE DECLARED OR PAID ONLY OUT OF –

- i) Current Year’s Profit;
 - a) After providing for depreciation in accordance with law;
 - b) After transferring to the reserves such amount of Profit as may be prescribed, or

- ii) The Profits for any previous financial year(s)
 - a) after providing for depreciation in accordance with law, and
 - b) remaining undistributed, or

- iii) Out of i) & ii) both

II. SET OF LOSSES AND DEPRECIATION OF PREVIOUS YEARS

Before declaring any dividend, the carried over previous losses and depreciation not provided in previous year or years must be set off against the profits of the Company for the current year.

III. DECLARATION OF DIVIDEND

OUT OF RESERVES

- Board should avoid the practice of Declaration of Dividend out of Reserves.

IV. AMOUNT OF DIVIDEND

1. Board shall endeavor to maintain the Dividend Payout Ratio.*
(Dividend/ Net Profit for the year) as near as possible to 5% to 20% subject to
 - a. Company's need for Capital for its growth plan
 - b. Positive Cash Flow
- * To be reviewed every 2 to 3 years.

V. TIMING

1) Interim Dividend

- Board to declare
- Based on review of profits earned during the current year - to date
- one to three times a year

2) Final Dividend

- Board to recommend to members for their approval
- Based on review of profits arrived at as per audited financial statements, for the year.
- Max. once in a year.

VI. PARAMETERS TO BE CONSIDERED BEFORE DECLARING DIVIDEND.

The Board of Directors of the Company shall consider the following financial/internal parameters while declaring or recommending dividend to shareholders:

1. Plough back of profits i. e. future capital expenditure programme including
 - a) New project
 - b) Expansion of capacities of existing units
 - c) Renovation/ Modernization
 - d) Major Repairs & Maintenance
2. Likelihood of crystalization of contingent liabilities, if any
3. Contingency Fund
4. Acquisition of brands/ businesses
5. Sale of brands/ businesses.
6. Retained Earnings

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

Macro-economic environment - Significant changes in macro-economic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates.

Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged.

Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.



VII. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations.

The Board of Directors, while determining the dividend to be declared or recommended shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for ongoing or planned business expansion or other factors which may be considered by the Board.

VIII. UTILISATION OF RETAINED EARNINGS

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

IX. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

X. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Listing Regulations shall prevail.

XI. AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.

(This document was approved by the Board of Directors at its Meeting held on 10th September, 2016)