



LAKSHMI VILAS BANK

DIVIDEND DISTRIBUTION POLICY
(Effective from FY 2016-2017)

I. Introduction:

The Lakshmi Vilas Bank Limited (“LVB”) is a listed private sector bank incorporated under the provisions of Companies Act and operating under the provisions of the Banking Regulation Act, 1949. As on 31st March, 2017, the equity shares of the Bank are listed and traded in the National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”).

II. Purpose:

Being a Banking entity, the Bank is required to ensure compliance with the provisions of the Banking Regulation, 1949, guidelines and circulars issued by the Reserve Bank of India on declaration and payment of dividend. Besides the same, being a public limited company listed with NSE and BSE and having ranked within Top 500 of the listed entities in terms of Market Capitalization as on 31st March 2017, the Bank is also required to ensure compliance with the provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, to the extent applicable to Banking Companies in terms of a policy with regard to Dividend Distribution.

Accordingly, this policy is framed under Regulation 43 A of the SEBI Listing Regulations, approved and adopted by the Board of Directors of the Bank.

III. Policy:

The Policy will be called as ‘**Lakshmi Vilas Bank Dividend Distribution Policy**’ and shall be effective from the Financial Year 2016-17.

IV. Criteria for recommending Dividend:

The intent of the Bank is to reward the shareholders of the Bank by sharing a portion of the profits, whilst also ensuring that sufficient funds are retained for growth of the Bank.

The Bank shall declare and pay dividend only in compliance with the provisions of the Banking Regulation Act, regulatory guidelines/directions issued by the Reserve bank

of India on declaration and payment of dividend by Banks from time to time, the provisions of the Companies Act and SEBI Listing Regulations to the extent applicable to Banking Companies.

The term Dividend includes both Interim and Final Dividend.

a) Circumstances under which the shareholders may or may not expect dividend:

The recommendation of dividend by the Board is dependent on various factors including eligibility criteria imposed by the regulators for recommendation & declaration of dividend, capital and reserve position of the Bank and other key financial parameters. Based on the applicable regulatory framework and financial position, the Board of directors may or may not decide to recommend dividend.

b) Financial and other parameters:

The Board of directors would consider the following financial parameters along with the statutory restrictions and directions applicable to Banks before recommending dividend to shareholders:

- Profitability and Key Financial Metrics.
- Any interim dividends paid.
- Auditors' qualifications pertaining to the statement of accounts, if any;
- Bank's capital position and requirements as per Internal Capital Adequacy Assessment Process (ICAAP) projections and other regulatory norms.
- Any other parameters as may be imposed by the regulators from time to time.

c) Internal and External factors:

The Board of Directors of the Bank would take into account both internal and external factors as may be applicable at the time of considering the proposal on the declaration of the dividend. Some of the major aspects are as under:

- The state of the economy of the country;
- Statutory and regulatory provisions/restrictions;



- Tax regulations including the treatment of deferred tax assets;
- Capital market conditions;
- Expectation of shareholders;
- Business Growth plan of the bank;
- Future Capital requirement;
- Cost of Raising funds;
- Replacement of Capital Assets;
- Ability to make timely coupon payments/redemption towards debt instruments issued by the Bank;
- Such other factors and material events which the Board may consider as relevant.

d) Utilization of Retained Earnings:

The Bank may utilize its retained earnings in the manner beneficial to the interest of the Bank and its stakeholders. The Bank would utilise the retained earnings for general corporate purposes, including organic growth. The Board may decide to employ the retained earnings in ensuring maintenance of an optimal level of capital adequacy, meeting the Bank's future growth/expansion plans, other strategic purposes and/or distribution to shareholders, subject to applicable regulations.

e) Parameters that shall be adopted with regard to various classes of shares:

Since the Bank has only one class of shareholders and does not have any other class of shares (including shares with differential voting rights), the dividend declared will be distributed among the shareholders, based on their shareholding on the record date fixed for ascertaining the dividend entitlement.

V. Quantum of Dividend payable:

The Quantum of dividend payable would be subject to the Bank fulfilling the eligibility criteria set out by the relevant Acts and the Reserve Bank of India and the same shall be decided by the Board of Directors from time to time.

VI. Amendments and Review:-



This policy will be reviewed annually by the Board of Directors of the Bank and this Policy will be in force till the time it is not amended or revoked by the Board.

VII. Disclosure:-

The policy will be made available in the Bank's website – www.lvbank.com and will also be disclosed in the Annual Report as required under the SEBI Listing Regulations.
