



SECTION - 6

EARNINGS DISTRIBUTION POLICY

This Section include

- **Earnings Distribution Policy**

6.1. EARNINGS DISTRIBUTION POLICY

- 6.1.1 As already mentioned, distribution of earnings in the form of dividends is an important financial management decision. It is a function of a number of factors such as the following:
- a. past trend
 - a. potential future earnings
 - b. requirements for funds in the immediate future
 - c. past dividend payout record of the company
 - d. shareholders expectations or preference
 - e. liquidity position of the company as dividends entail cash outgo
 - f. The proclivity of the management to retain management control by financing growth plans through internal funding which will mean increased retained earnings.
 - g. Industry benchmark.
 - h. Analysts expectations etc
- 6.1.2 The topic is covered in greater detail in a subsequent chapter.