

## **LUMAX AUTO TECHNOLOGIES LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

**INDEX**

<b>S. No.</b>	<b>Contents</b>	<b>Page Nos.</b>
1.	Background	3
2.	Scope and Purpose	3
3.	Objective	3
4.	Dividend distribution philosophy	3
5.	Dividend	3
6.	Definitions	4
7.	Key parameters to be considered while declaring the Dividend	4
8.	Circumstances under which shareholders may/may not expect Dividend	5
9.	Interim and Final Dividend	5
10.	Financial parameters and other internal and external factors that would be considered for declaration of Dividend	5
11.	Utilization of retained earnings	6
12.	General	6

## **1. BACKGROUND**

The Board of Directors ("Board") of Lumax Auto Technologies Limited ("LATL" or "the Company") has adopted this Dividend Distribution Policy to comply with requirements.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

## **2. SCOPE AND PURPOSE**

As per Regulation 43A of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, top 1000 listed entities (based on market capitalization as calculated as on 31st March of every financial year) are required to frame dividend distribution policy and disclose the same on their websites and its web-link in their annual report. Since the Company falls within the aforesaid class, it is required to formulate and disclose its Dividend Distribution Policy in its Annual Report and on its website

## **3. OBJECTIVE**

The objective of this Policy is to provide a framework for distributing the profits of the Company by way of dividends in a way that shareholders can participate equitably in the company's growth, while maintaining the financial foundation of the company and ensure sustainable growth. The policy also specifies the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

## **4. DIVIDEND DISTRIBUTION PHILOSOPHY**

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer-term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

## **5. DIVIDEND**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend. The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

## 6. **DEFINITIONS**

- (i) **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) **“Dividend”** includes final and interim dividend.
- (iii) **“Dividend Payout ratio”** means a fraction of net income a company pays to its shareholders as dividend.
- (iv) **“Market capitalization”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, does not include any other amount received in respect of such shares, by whatever name called.
- (vi) **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

## 7. **KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND**

In line with the objective stated above, the Board of Directors of the Company shall consider the following parameters before declaration of any interim dividend or recommendation of Annual Dividend to shareholders:

### **GENERAL GUIDELINES FOR DIVIDEND DISTRIBUTION**

- The company shall pay dividend (including interim dividend) in compliance with the applicable provisions of the Companies Act, 2013 Rules prescribed thereunder and any amendments thereto.
- Regulation 43A(2) of Listing Regulations states The dividend distribution policy shall include the following parameters:
  - (a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
  - (b) the financial parameters that shall be considered while declaring dividend;
  - (c) internal and external factors that shall be considered for declaration of dividend;
  - (d) policy as to how the retained earnings shall be utilized; and

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

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

## **8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY/MAY NOT EXPECT DIVIDEND**

The Board will assess the Company's financial requirements, including present and future growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital
- b. Significantly higher working capital requirements adversely impacting free cash flow
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d. In the event of inadequacy of profit or whenever the Company has incurred losses.
- e. Adverse market conditions or regulatory constraints
- f. Proposal of buy-back of securities

## **9. INTERIM AND FINAL DIVIDEND**

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

## **10. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND**

- Current year profits and future outlooks;
- Distributable surplus available as per the Act and Regulations;
- The Company's liquidity position and future cash flow needs;

- Track record of Dividends distributed by the Company;
- Payout ratios of comparable companies;
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Cost and availability of alternative sources of financing;
- Stipulations/ Covenants of loan agreements;
- Macro-economic environment affecting the geographies in which the Company and its clients operate;
- Significant change in the business or technological environment leading to major investments for business transformation;
- Changes in competitive environment;
- Providing of unforeseen event and contingency with financial implications;
- Debt to Equity, and other liquidity ratios;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

## **11. UTILISATION OF RETAINED EARNINGS**

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Any other permissible purpose

## **12. GENERAL**

### **a) Review**

This policy will be reviewed and amended as and when required by the Board.

### **b) Disclosure of the policy**

The policy will be uploaded on company's website.

**c) Amendment**

This policy document has been last amended/modified by the Bord of Directors in its meeting held February 13, 2023

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