

LUMAX AUTO TECHNOLOGIES LIMITED

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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Effective from - 11-08-2021

Approved in Board Meeting on - 11-08-2021

1. Background and applicability

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (“Regulations”), w.e.f. May 5, 2021 every top 1000 listed companies based on market capitalization is required to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

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

3. 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

4. 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.

5. 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.

6. 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.

7. 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

8. Review & Amendment

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.
