
DIVIDEND DISTRIBUTION POLICY

1. Introduction

The Securities and Exchange Board of India (“SEBI”) vide its notification dated May 5, 2021 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”), by amending regulation 43A which requires the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy (“the Policy”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

As the Company is one of the top 1000 companies as on 31.03.2021, we are required to frame a dividend distribution policy, based on the parameters specified in the SEBI Regulations.

This Policy shall be known as “LS Industries Limited - Dividend Distribution Policy” (“the Policy”). The Policy of the Company is aimed at balancing the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth.

2. Regulatory compliance

The Company can declare dividend only after ensuring compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the SEBI Regulations.

3. Principles for dividend declaration and Approval process

The Board will consider the following factors while making any recommendation for dividend:

- Shareholder expectations
- Profits earned during the financial year.
- Past dividend trends, including interim dividend, if any.
- Expected capital requirements for planned growth
- Additional regulatory requirements of capital in near future (if applicable)
- Cost of raising funds from alternative sources
- Any applicable criteria from the legal or regulatory frameworks.
- External factors including state of the domestic and global economy, capital market conditions and dividend policy of competitors
- Tax implications including applicability and rate of dividend distribution tax

The objective of the Policy is to appropriately reward shareholders through dividends while retaining the capital required for supporting future growth. To meet this objective and taking past trends into consideration, the Company may maintain a dividend pay-out (excluding Dividend Distribution tax) in each financial year as per the decision of Board.

Since the Company has only one class of equity shareholders, the dividend declared will be distributed equally among all the Shareholders, based on their shareholding as on the record date.

The retained earnings of the Company are expected to be used across general corporate purposes, including organic and inorganic growth.

The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation.

Final dividend shall be paid only after approval at an Annual General Meeting of the Company. Shareholder approval is not required for payment of interim dividend.

4. Deviation from the Policy

The Board may recommend special dividend or reduce the rate of dividend or no dividend under circumstances including but not limited to the following:

- The Company has reported net loss for the year.
- Achievement of specific milestones in the Company's progress.
- Any other extraordinary circumstances.

5. Dividend information

The Company has not paid any kind of dividend during last five years.

6. Manner of Payment of dividend

As per Regulation 12 of SEBI (LODR) Regulations, the Company shall use any of the electronic modes of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or Demand drafts will be issued to the eligible shareholders.

7. Policy amendment and review

This policy will be reviewed at least 'once in three years' or 'as earlier' as the case may be.

In case there are any regulatory changes requiring modifications to the policy, the policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the policy till the time policy is suitably amended.

The said Policy will be hosted on the website of the Company and the same would be disclosed in the Annual Report of the Company.