LUX INDUSTRIES LIMITED

Dividend Distribution Policy

Version	**3.0**
Date of Approval	**Feb 13, 2017**
Effective Date	**Feb 13, 2017**
Revised on	**August 14, 2024**
Reviewed on	**Feb 13, 2022 and August 14, 2024**



LUX INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

1. Background

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 This regulation mandates the top 500 listed companies (based on market capitalization) to formulate a Dividend Distribution Policy, which must be disclosed in their Annual Report and on their website.

Subsequently, on May 5, 2021, SEBI amended Regulation 43A, extending this requirement to the top 1,000 listed entities, effective from May 6, 2021. These entities must upload the policy on their website and provide a link in their Annual Report.

Lux Industries Limited (the "Company") had approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on February 13, 2017, in compliance with the SEBI LODR and the Companies Act, 2013 (hereinafter referred to as the "Act").

2. Objective

The purpose of the Policy is to broadly outline the external and internal factors, including financial parameters, that will be considered while declaring or recommending dividends. It also details the circumstances under which the shareholders of the Company may or may not expect a dividend, as well as how retained earnings shall be utilized, etc.

The Policy does not apply to the following:

- Determination and declaration of dividends on preference shares, as these are governed by the terms of issue approved by the shareholders;
- Distribution of dividends in kind, such as through the issuance of fully or partly paid bonus shares or other securities, subject to applicable law;
- Buyback of Securities.

The Policy is not a substitute for the Board's decision making process regarding dividend recommendations. The Board will consider all the relevant circumstances outlined herein or as well as any other factors it deems pertinent, when making its annual dividend recommendation.

3. Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e. February 13, 2017.

4. Statutory Requirements

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being ("Act") in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and the Articles of Association of the Company as amended.

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5. Definitions

- **"Act"** shall refer to the Companies Act, 2013 including the rules made thereunder, as amended from time to time.
- **"Applicable Laws"** shall refer to the Companies Act, 2013 and rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and such other acts, rules or regulations governing the distribution of dividends.
- **"Company"** shall refer to Lux Industries Limited.
- **"Board" or "Board of Directors"** shall refer to the Board of Directors of the Company.
- **"Dividend"** shall refer to Section 2 (35) of the Companies Act, 2013.
- **"Policy or this Policy"** shall refer to the Dividend Distribution Policy.

6. Parameters to be considered while recommending/declaring dividend

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

6.1 Financial parameters and Internal Factors:

i. Operating cash flow of the Company
ii. Net operating profit after tax
iii. Profit available for distribution during the Financial Year
iv. Earnings Per Share (EPS)
v. Working capital requirements
vi. Capital expenditure requirement
vii. Business expansion and growth
viii. Likelihood of crystallization of contingent liabilities, if any
x. Up gradation of technology and physical infrastructure
xi. Creation of contingency fund
xii. Acquisition of brands and business
xiii. Cost of Borrowing
xiv. Past dividend payout ratio / trends
xv. Any other relevant factors and material events

6.2 External Factors:

i. Economic environment
ii. Capital markets
iii. Global conditions
iv. Statutory provisions and guidelines
v. Dividend pay-out ratios of companies in the same industry.
vi. Other factors like statutory and contractual restrictions.

6.3 Dividend Payout Ratio:

The Board of Directors shall endeavor to maintain the Dividend Payout Ratio (dividends/ net profit after tax for the year) as close as possible to 25% of the Company's standalone profit after tax, subject to

- The Company's need for Capital for its growth plans.
- Positive cash flow and other parameters stated in the policy.

7. Circumstances under which the Shareholders of the Company may or may not expect dividend

The decision regarding dividend pay-out is crucial as it determines the amount of profit distributed to shareholders versus the amount retained in the business. This decision aims to balance rewarding shareholders through dividends with retaining profits to maintain a healthy capital adequacy ratio to support future growth.

Shareholders may not expect a dividend under the following circumstances, at the discretion of the Board of Directors:

i. Proposed expansion plans requiring significant capital allocation.

ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. requiring significant capital outflow.

iii. Increased working capital requirement for the Company's business.

iv. Proposal for buy-back of securities.

v. In the event of losses or inadequate profits.

vi. If a regulatory body prohibits the recommendation or declaration of a dividend.

The Board of Directors may decide not to declare or recommend a dividend for a particular period if it deems it prudent to conserve capital for ongoing or planned business expansion or other factors considered by the Board. This Policy does not restrict the Board's discretion in recommending dividends, and the Board reserves the right to deviate from the Policy as and when circumstances so warrant. Prospective or current investors should not place undue reliance on any forward-looking statements in the Policy.

8. Utilization of retained earning

The Board may retain earnings to better utilize available funds and enhance stakeholder value in the long run. Retained earnings shall be used in a manner beneficial to the interests of the Company and its shareholders. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plans
- Product expansion plans
- Increase in production capacity
- Modernization plans
- Business Diversification
- Long term Strategic plans
- Replacement of Capital assets



- High cost of debt
- Other criteria deemed appropriate by the Board from time to time

9. Manner of Dividend Payout

9.1 In case of final dividend:

i. The Board will recommend a final dividend, usually during the meeting that approves the annual financial statements, subject to shareholder approval.
ii. The dividend recommended by the Board shall be approved and declared at the Annual General Meeting.
iii. Dividend payments will be made within the statutory prescribed period from the date of declaration to shareholders entitled to receive the dividend as per the record date/book closure period, in accordance with applicable laws.

9.2 In case of interim dividend:

i. The Board will declare any interim dividend.
ii. Before declaring an interim dividend, the Board will assess the company's financial position to ensure the payment is feasible.
iii. Dividend payments will be made within the statutory prescribed period from the date of declaration to shareholders entitled to receive the dividend on the record date, as per applicable laws.
iv. If no final dividend is declared, any interim dividend paid during the year will be considered the final dividend at the Annual General Meeting.

10. Parameters for various Classes of Shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same dividend amount per share The policy will be reviewed and adjusted as necessary if any new classes of shares are issued, depending on their nature and applicable guidelines.

11. Waiver/Forgo of right to receive Dividend

a. The Shareholders can waive/forgo their right to receive dividends (either final and/or interim) on some or all Equity Shares held as of the Record Date/Book Closure Date. However, they cannot waive/forgo a partial percentage of dividends (either final and/or interim) on shares.

b. The Shareholders wishing to waive/forgo their right to receive dividends for any year can inform the Company only after the beginning of the relevant financial year.

c. In cases of joint holders, the first holder on behalf of the joint holders must inform the Company of their decision to waive/forgo their right to receive dividends.

d. The Shareholders must send irrevocable instructions to waive/forgo dividend (Interim or Final or both), for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The request for divided waiver shall be considered for the

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shareholders who continue to hold equity shares as on the Record Date/Book Closure Date fixed for determining the names of shareholders entitled for dividend. Instructions received after such date will not be considered.

e. Once a shareholder gives an instruction to waive/forgo their right to receive dividend (Interim or Final or both) for any year, it is irrevocable and cannot be withdrawn. In case a Shareholder conveyed his waiver/forgoing his right to receive the dividend (interim or final) for any financial year any time and subsequently sold the relevant shares before the record date / book closure fixed for determining the names of Members entitled for dividend, the previous Shareholder's waiver/forgoing would be invalid since the previous shareholder who has sold the relevant shares is not a Member on the record date/book closure date fixed for determining the names of Members entitled for dividend.

f. Waiving/forgoing the right to receive dividends is voluntary. Shareholders who do not wish to waive/forgo their dividends need not take any action and will continue to receive dividends as usual as may be declared by the Company.

g. The decision of the Board of Directors, or authorized persons, will be final and binding on issues arising from the interpretation or implementation of this procedure.

h. The Board of Directors may amend this procedure as needed from time to time.

i. The Form for the Communication for Waiving /Forgoing right to receive the Dividend from the Company is attached herewith as Annexure -1.

12. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.luxinnerwear.com

13. Conflict of Policy

In the event of any conflict between this Policy and the provisions contained of applicable laws, the provisions of applicable laws shall prevail.

14. Policy Review and Amendments

14.1 This Policy is subject to revision or amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, the Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time.

14.2 The Company reserves the right to alter, modify, add, delete or amend any of the provisions of this Policy.

14.3 In the event of any amendment(s), clarification(s), circular(s) etc. issued by relevant authorities, that are inconsistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s) etc. shall prevail over the provisions hereunder, and this Policy shall be deemed amended accordingly from the effective date specified in those amendment(s), clarification(s), circular(s) etc.

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15. Disclaimer

The Policy provides general guidance on the Company's dividend policy and does not constitute a commitment regarding future dividends. This statement does not limit the Board's discretion in recommending dividends for any given year. The Board reserves the right to deviate from the policy as circumstances require.

16. Version

Version History	Approval date/Revision date	Description
1.0	Feb 13. 2017	Original Policy
2.0	Feb 13. 2020	Revised Policy
3.0	August 14, 2024	Revised Policy



LUX INDUSTRIES LIMITED

Annexure -1

FORM OF COMMUNICATION FOR WAIVING /FORGOING RIGHT TO RECEIVE THE DIVIDEND FROM THE COMPANY

From:
(Name and Address:
of Shareholders)
DP ID & Client ID No./Folio No.:

To,
The Company Secretary
39, Kali Krishna Tagore Street, Kolkata- 700007, India

Sub: Waiver /Forgoing of the Right to receive dividend on all/ _____Equity Shares held by me/us for the year ended March 31, 20__ under the above DP ID & Client ID No. /Folio No.

Dear Sir,

I/We hold the following Equity Shares in Demat Form/Physical Form and hereby waive /forgo irrevocably the right to receive the interim / final dividend of Rs. ___/- per equity share as declared / recommended by the Board of Directors / Shareholders of the Company for the year ended _____ on all/_____no. of Equity Shares of Rs. 2/- each held by me/us under DP Id No. _____ & Client ID No._____ or Folio No._____

I /We further agree and understand that the waiver/forgoing of the right to receive the above dividend for the year ended _____is irrevocable and final and cannot be revoked under any circumstances.

Yours faithfully,

Signed and Delivered	Full Name(s)	Signature(s)
1st Shareholder		
2nd Shareholder		

In case of joint holders all must sign. In case of a Body Corporate, stamp of the Company should be affixed and necessary Board resolution should be attached.

Place:
Date: