



LAXMI ORGANIC INDUSTRIES LTD

DIVIDEND DISTRIBUTION POLICY

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1. Background

This Policy is primarily framed on Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), and Section 123 the Companies Act 2013 (the "2013 Act") including any statutory modification(s) or re-enactment(s) thereof for the time being in force. This Policy is intended to ensure compliance particularly with the Listing Regulations and the applicable provisions of 2013 Act.

2. Objective

The objective of this Policy is to lay down the principles for distribution of dividend to the shareholders of the Company.

In the event of any inconsistency between this Policy and the Listing Regulations, the Listing Regulations as amended from time to time, will prevail over this Policy.

3. Definitions

- I. "Company" or "the Company" or "Laxmi" shall mean Laxmi Organic Industries Limited;
- II. "Listing Regulations" shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- III. "2013 Act" shall mean Companies Act, 2013;
- IV. "Policy" or "this Policy" shall mean the Policy on Distribution of Dividend.

4. Policy

The Company would, *inter alia*, consider the following financial parameters and internal and external factors before declaring dividend(s) or recommending dividend(s) to the shareholders:

- Current year profits arrived at after providing for depreciation in accordance with the provisions of Section 123 of the 2013 Act read with the Rules issued thereunder; and / or
- Profits from any of the previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of Section 123 of the 2013 Act read with the Rules issued thereunder;
- Fund requirements to finance the working capital needs of the business;
- Opportunities for investments of the funds of the Company to capture future growth in the industry, e.g. capital expenditure, network expansion, etc;
- Funding requirements for any organic and inorganic growth opportunities to be pursued by the Company;
- Optimal free cash to fund any exigencies, if any;
- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws.

In case the Board proposes not to distribute the profit, the grounds thereof and information on utilisation of the retained earnings, if any, shall be disclosed to the shareholders in the Board's Report forming part of Annual Report of the Company.

The Chief Financial Officer jointly with the Managing Director and Chief Executive Office of the Company shall suggest any amount to be declared / recommended as Dividend to the Board of Directors of the Company, taking into account the aforementioned parameters.

Parameters adopted w.r.t. various classes of shares:

- The Company has only one class of shares referred to as equity shares of the face value of Re. 2 each, forming part of its issued, subscribed and paid – up share capital.
- Dividend (including interim and/or final) would be declared and paid to equity shareholders at the rate fixed by the Board of Directors of the Company. Final dividend

proposed by the Board of Directors, if any, would be subject to the approval of the shareholders at the Annual General Meeting.

Circumstances under which shareholders may or may not expect dividend:

The Board of Directors shall consider the factors provided in this Policy before determination of any dividend payout.

The shareholders may not expect dividend under the following circumstances:

- In an event of inadequacy of profits or whenever the Company has incurred losses;
- Whenever the Company undertakes or proposes to undertake a significant expansion of project(s) or any acquisition or joint venture requiring significant allocation of funds;
- In an event the Company proposes to buyback equity shares held by the shareholders.

Utilization of the retained earnings:

The retained earning shall be utilized for the business purpose of the Company and to increase the value of the stakeholders in the long run. Utilization of retained earnings may be for:

- Acquisition of brands / businesses;
- Entering into joint venture(s);
- Expansion project(s);
- Enhancement of the production capacity;
- Modernization plans;
- Diversification of business;
- Long term business plan;
- Such other utilization as the Board of Directors of the Company may deem fit from time to time.

5. Disclosures

- I. The Company shall make appropriate disclosures as required in accordance with the Listing Regulations and 2013 Act;
- II. This Policy shall be disclosed on the website of the Company; and
- III. If the Company proposed to declare the dividend on the basis of parameters in addition to the parameters / factors mentioned in this Policy 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.

6. Amendments

The Board may, subject to the applicable laws amend any provision(s) or substitute any of the provision(s) of this Policy with new provision(s) or replace this Policy in entirety.

7. Effective Date:

The Policy as approved by the Board shall be effective November 25, 2020.

8. Disclosure Requirement:

This Policy shall be disclosed on the Company's website and a web link thereto shall be given in the Annual Report.

Approved and Adopted by Board of Directors of Laxmi at their meeting held on November 25, 2020