



LLOYDS STEELS INDUSTRIES LIMITED

Registered Office: Plot No. A-5/5, MIDC Industrial Area, Murbad, Thane – 421 401

Corporate Office :A-2, Madhu Estate, 2nd Floor, Pandurang Budhkar Marg, Lower Parel (W), Mumbai 400 013.

Dividend Distribution Policy

INTRODUCTION

The Board of Directors (“the Board”) of **Lloyds Steels Industries Limited (“the Company”)** understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy (“the Policy”) and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time. The Dividend Distribution Policy (“the Policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between payout and retained earnings, in order to address future needs of the Company.

OBJECTIVE

The Company has an objective of appropriately rewarding shareholders through dividends and long-term capital appreciation. The profits earned by the Company may either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders as dividend. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended, shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board.

FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

Subject to the provisions of the Companies Act, 2013, dividend shall be declared or paid only out of:

- (i) Profit of current financial year;
 - a) After providing for depreciation in accordance with law;
 - b) After transferring to reserves, such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) The profits for any previous financial year(s):
 - a) After providing for depreciation in accordance with law;
 - b) Out of remaining undistributed amount; or
- (iii) Out of (i) & (ii) both In computing the above, the Board may, at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in laws or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

UTILISATION OF RETAINED EARNINGS

The Company shall endeavour to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.

FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

While determining the nature and quantum of the dividend payout, the Board would take into account the following internal and external factors: Internal Factors and Financial Parameters:

- ♣ Capital Expenditure the Company believes that it operates in the high potential and fast growing Pharmaceutical segment and has ambitious plans for growth. This will involve capital expenditure which the Company proposes to use a mix of both internal accruals as well as debt
- ♣ Profitable growth of the Company and specifically, profits earned during the financial year as compared with the Previous years
- ♣ Cash flow position of the Company and liquidity position;
- ♣ Accumulated reserves;
- ♣ Earnings stability;
- ♣ Future cash requirements
- ♣ Current and future leverage and under exceptional circumstances, the amount of contingent liabilities
- ♣ Long-term investments; and
- ♣ Any other factors as deemed fit by the Board. External Factors:
 - ♣ Economic Environment In case of uncertain or recessionary economic and business conditions, the Company will endeavour to retain profits to build up reserves to absorb future shocks.
 - ♣ Market conditions in the times of favourable markets, dividend pay-out can be liberal. However, in case of unfavourable market conditions where the availability of credit is restricted, the Company may resort to a conservative dividend pay-out in order to conserve cash outflows.
 - ♣ Sate of economy;
 - ♣ Business cycles;
 - ♣ Cost of external financing;
 - ♣ Any political, tax and regulatory changes in the jurisdiction in which the Company operates.
 - ♣ Industry outlook for the future years;
 - ♣ Inflation rate, and;
 - ♣ Changes in the Government policies or industry specific rulings and regulatory requirements.



- ♣ Any other factors as deemed fit by the Board. Apart from the above, the Board also considers past dividend history while determining the rate of dividend.

AMENDMENT

In case of any subsequent changes in the provisions of the SEBI Listing Regulations, Companies Act, 2013 or any other regulations, which makes any of the provisions in the Policy inconsistent with the SEBI Listing Regulations, Companies Act, 2013 or such other regulations, such provisions of the SEBI Listing Regulations, Companies Act, 2013 or such other regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.
