



VADILAL INDUSTRIES LIMITED
DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

This Dividend Distribution Policy (“**Policy**”) has been adopted by the Board of Directors (“**Board**”) of Vadilal Industries Limited (“**Company**”) pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”).

2. DIVIDEND

Dividend means distribution of profits, earned in the current year or earlier years, by the Company, to its shareholders in proportion to the amount paid-up on shares held by them. Under Companies Act, 2013 (“**Act**”), a Company can either declare dividend during the year, which is called interim dividend, or can declare dividend after the end of financial year, which is called final dividend.

Interim dividend can be declared by the Board during the financial year by passing a resolution at its meeting. Final dividend is recommended by the Board for approval by the shareholders at the annual general meeting. This policy applies to declaration of interim dividend and recommendation of final dividend by the Board.

The dividend for any financial year shall normally be paid:

- a. out of the profits for the year (arrived at after providing for depreciation in accordance with law and transferring such amount to reserves as may be considered appropriate by the Board of Directors of the Company); and/or
- b. out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

3. FACTORS AFFECTING DIVIDEND DECLARATION

The Board considers the following factors while arriving at the dividend amount:

- a. **Internal Factors (including financial parameters)**
 - Profits earned during the year;
 - Distributable surplus available with the Company;
 - Company’s liquidity position, future cash flow requirements for operations and reserve for any contingencies
 - Capital expenditure requirements for expansion and growth
 - History of dividends distributed by the Company
 - Loan covenants, if any
- b. **External Factors**
 - Dividends distributed by other comparable companies;
 - Taxation policy and any amendments expected thereof;
 - Cost and availability of alternative sources of financing;
 - State of economy and nature of industry;



- Macroeconomic and business conditions in general; and
- Any other relevant factors that the Board may deem fit.

4. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the applicable laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

- the Company has inadequacy of profits or incurs losses for the relevant financial year;
- the Company undertakes/proposes to undertake a significant expansion project requiring higher allocation of capital;
- the Company undertakes/proposes to undertake any acquisitions or arrangements requiring significant allocation of capital;
- the Company has significantly higher working capital requirement affecting free cash flow;
- the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 3 above.

5. UTILIZATION OF RETAINED EARNINGS

The portion of profits not distributed among the shareholders as dividends are used for the business activities of the Company.

6. QUANTUM AND MANNER OF DIVIDEND PAYOUT

Subject to the circumstances and scenarios mentioned above, the Company shall endeavor to maintain a total dividend pay-out ratio: (a) of 10% of the annual profits after tax of the Company for the financial year 2024-2025; and (b) in the range of 20% to 25% of the annual profits after tax of the Company for all financial years thereafter.

Under the applicable provisions of the Act, the Company's ability to declare and pay dividends is based on the standalone financial statements only.

In future should the regulations be amended permitting the Company to pay dividend based on its consolidated profits, the Board may consider such a payout ratio on its consolidated profits. Till such time, the Company will endeavor to have a policy on dividend distribution with a similar payout ratio across its subsidiaries and to the extent possible, in its joint ventures after discussions with its partners. The Company may declare dividends for a year, usually payable for a financial year at the time when the Board considers and recommends the annual financial statements, which is called final dividend. The Board shall have the power to recommend final dividend to the shareholders for their approval in the annual general meeting of the Company.



7. REVIEW & MODIFICATION

The Board is authorized to change or modify this Policy from time to time at its sole discretion and/or in pursuance of any amendments made by any relevant law for the time being in force.

8. DISCLAIMER

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.