

# DIVIDEND DISTRIBUTION POLICY

**V-GUARD INDUSTRIES LIMITED**

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## 1. PREAMBLE

This Policy, framed pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and in compliance with the provisions of Companies Act, 2013 including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force which shall be disclosed in the Annual Report and on the website of the Company.

Distribution of profit by a Company among its shareholders is termed as payment of Dividend. A Company may either distribute, entire profits earned by it, among its shareholders or distribute a certain percentage of its profit and retain the balance in business for purposes like expansion, diversification and inorganic investments. A formal dividend policy, helps the Board of a Company, to arrive at a balanced dividend pay-out ratio, taking into account, factors such as profit made during the relevant Financial Year, expansion programmes, other strategic plans etc.

## 2. DEFINITIONS

Unless the context otherwise requires, the words, terms, expressions and derivations used in this Policy shall have the same meaning given in the Companies Act, 2013 and/ or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- a. “**Applicable laws**” shall mean 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 act, rules or regulations which provides for the distribution of Dividend.
- b. “**Board of Directors**” or “Board” shall mean the Board of Directors of V-Guard Industries Ltd., from time to time.
- c. “**Company**” shall mean V-Guard Industries Ltd.
- d. “**the Act**” shall mean Companies Act, 2013 read with related rules framed thereunder and including all amendments and modifications thereto.
- e. “**Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- f. “**Policy**” shall mean Dividend Distribution Policy.
- g. “**SEBI**” shall mean Securities and Exchange Board of India.



### 3. OBJECTIVE OF THE POLICY

The objective of the policy is to;

- a. Ensure a regular dividend income for the shareholders and long term capital appreciation for all the stakeholders of the Company.
- b. To strike the right balance between the quantum of dividend paid and amount of profit retained in the business for various purposes.
- c. To maintain a consistent approach to dividend pay-out plans and also provide greater clarity on the dividend pay-out philosophy of the Company.
- d. Lay down the circumstances under which the shareholders of the Company may or may not expect dividend;

### 4. FINAL DIVIDEND

The Board of Directors of the Company, subsequent to adoption of audited annual financial statements of a Financial Year, recommends the Final Dividend to be paid for that particular Financial Year subject to the approval of shareholders in their Annual General Meeting (AGM).

#### **Process for approval of payment of Final Dividend**

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a Financial Year.
- Dividend is subject to TDS and shareholder is liable to pay tax on Dividend Income as per the amended provisions of Income Tax Act, 1961.

### 5. INTERIM DIVIDEND

The Board of the Company may declare interim dividend during a Financial Year, based on the profits of any particular quarter or half year or in exceptional circumstances.

#### **Process of approval of payment of Interim Dividend**

- Board may declare Interim Dividend at its discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- One or more times in a Financial Year. As per Income Tax Act, 1961 dividend declared, paid or distributed by a Company, shall be taxable in the hands of the shareholders. The Company shall, deduct TDS/ Withholding Tax (TDS/WHT) at the time of payment of dividend at the applicable tax rates.



## 6. DECLARATION OF DIVIDEND

Subject to the provisions of the Act, Dividend shall be declared or paid only out of-

- i) Current Financial Year's profit:
  - a) after providing for depreciation in accordance with law and
- ii) The profits for any previous Financial Year(s):
  - a) after providing for depreciation in accordance with law; and
  - b) remaining undistributed; or
- iii) out of i) & ii) both.

The Board may, while declaring or recommending Dividend, transfer to reserves such amount as may be considered appropriate. However, transfer of amount to reserves, before declaring or recommending Dividend is not mandatory, as per the provisions of the Act.

The Board may, at its discretion, declare a Special Dividend as it may deem fit.

## 7. FACTORS TO BE CONSIDERED WHILE DECLARING OR RECOMMENDING

While declaring or recommending Dividend, the Board shall take into account, the external and internal factors and arrive at an optimum percentage for distributing the profits of the Company;

### a. External Factors

- i. Economic, business and market conditions
- ii. Agreement with lenders
- iii. Industry trend
- iv. Statutory Restrictions

### b. Internal Factors

- i. Profit earned during the year and accumulated reserves
- ii. The present and future capital requirements for both existing and new units
- iii. Past dividend trends
- iv. Cost of raising funds from alternate sources
- v. Net worth, cash flow position and Debt equity ratio
- vi. Business acquisition plans
- vii. Providing for unforeseen events or contingencies of the Company

## 8. DIVIDEND RANGE

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would distribute an optimum level of profits among the shareholders and retain the balance for meeting the expansion requirements. Subject to applicable laws, the Board may



at its discretion choose to recommend a dividend out of the Company's free reserves. The Board of Directors will have absolute discretion to recommend or declare dividend considering Internal & external factors.

The Board may, at its discretion, consider declaring or recommending special dividends, at times, when the Company has huge cash surpluses, which is not deployed or earmarked for expansion programmes or makes extraordinary profits, from sale of assets or investments.

## **9. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT**

In line with the Policy of the Company, there may be certain circumstances under which the shareholders of the Company may not expect dividend, including but not limited to:

- a. Adverse market conditions and business uncertainty.
- b. The Company is in higher need of funds for acquisition/ diversification/ expansion/ investment opportunities/ deleveraging or capital expenditures.
- c. The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities.
- d. The Company has incurred losses or in the stage of inadequacy of profits.
- e. Changing government regulations.
- f. Any other extraordinary circumstances etc.

Even under such circumstances, the Board may at its discretion, and subject to applicable laws, choose to recommend a dividend out of the Company's free reserves.

## **10. UNCLAIMED/UNPAID DIVIDEND**

The Dividend (Final/Interim) declared by the Company for any financial year, is deposited into a separate bank account and the same is disbursed to the eligible shareholders within the statutory limit of 30 days, either through electronic mode or by issuing dividend warrants.

Dividend amount which remains unpaid / unclaimed in the dividend account after 30 days from the date of transfer of the amount to the dividend account, shall be transferred to unpaid dividend account. Any shareholder who has not collected the dividend, can make a claim for receipt of the same, to the Company.

Any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

The Company shall inform the concerned shareholder three months before the due date of transfer of shares regarding the shares liable to be transferred to IEPF for which dividend has remained unpaid and unclaimed for seven consecutive years or more as on the date of transfer, at their latest available address and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation and on their website giving details of such shareholders and shares due for transfer.



## **11. REVIEW AND AMENDMENT**

The Board may review this policy on periodical basis, considering various external and internal factors. However, in case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.