

## **V-Guard Industries Ltd.**

### **DIVIDEND POLICY**

#### **Preamble**

Distribution of profit by a Company among its shareholder 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.

#### **Objective of the Policy**

This policy formulated by the Board of Directors (the Board) of V-Guard Industries Ltd., (the Company) will act as an aid to declare dividend and its pay-out by the Company in compliance with the provisions of Companies Act, 2013 (the Act) (including any statutory re-enactment made from time to time) read with applicable rules framed thereunder, as may be in force for the time being.

The objective of the policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all the stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profit retained in the business for various purposes. The Board,, will refer to this policy, while declaring / recommending dividend and would endeavour to maintain a consistent approach to dividend pay-out plans and also provide greater clarity on the dividend pay-out philosophy of the Company.

#### **Final Dividend**

Payment of dividend which is approved by the shareholders of a Company in their Annual General Meeting, based on the recommendation of Board of Directors, subsequent to adoption of audited annual financial statements of a Financial Year is the final dividend for that particular Financial Year.

#### **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;

#### **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.

### **Declaration of Dividend**

Subject to the provisions of the Companies 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;
- ii) The profits for any previous financial year(s):
  - a) after providing for depreciation in accordance with law;
  - 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 of 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 under certain circumstances such as extraordinary profits from sale of investments.

### **Factors to be considered while declaring or recommending Dividend**

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.

The Board may consider the external factors such as economic, business and market conditions and if the conditions are not favourable, the Board may decide to retain larger part of profits to build up reserves. The Board may also consider the restrictions imposed by the Companies Act, with regard to declaration of Dividend.

Apart from the external factors, the Board may also consider various internal factors, while declaring Dividend. The Board may take into account, the present and future capital requirements for both existing and new units, business acquisition plans and any other matters that the Board may deem fit.

### **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. The Board will endeavour to maintain a Dividend pay-out in the range of 15-25% of the Company's Profit After Tax on standalone financials.

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.

### **Review**

The Board, may review this policy on periodical basis, considering various external and internal factors.