

## **Dividend Distribution Policy – Vardhman Holdings Limited**

The equity shares of Vardhman Holdings Limited (“VHL” or “the Company”) are listed on BSE Ltd. and National Stock Exchange of India Limited, Mumbai. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate a Dividend Distribution Policy which shall be disclosed on its website and a link of the policy shall be disclosed in its Annual Report.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Board of Directors of the Company (“the Board”) has approved the Dividend Distribution Policy of the Company (“the Policy”) which endeavours to enhance stakeholder value for its investors and at the same time tries to ensure the right balance between the quantum of dividend paid and the amount retained for various business purposes.

The Board will recommend dividend distribution based on various internal and external factors, while striving for fairness, consistency and sustainability.

### **A. Parameters for Declaration of Dividend**

#### **1. Internal / Financial Factors:**

##### ***1.1 Operating cash flow of the Company***

The Board will consider the operating cash flows before its decision whether to declare dividend or retain its profits.

##### ***1.2 Return on invested capital***

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

##### ***1.3 Corporate Actions***

Any Corporate Actions resulting in a significant allocation of capital for the Company may also impact the dividend decision and quantum of dividend.

#### **2. External Factors:**

##### ***2.1 Macroeconomic conditions***

Considering the state of economy in the country, the policy decisions that may be formulated by the Government and other conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the Management may consider retaining an appropriate amount of profits to meet unforeseen

circumstances. The first & foremost consideration of the business will be to maintain solvency even in times of adversity and to protect the Company from all threats that emanate from changes in the social and political order.

## **2.2 Statutory Compulsions**

Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.

### **B. Utilisation of Retained Earnings**

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would utilise the retained earnings of the Company in a manner in which it is beneficial to Company as well as its stakeholders. The Company would aim at achieving the right balance between the distribution of retained earnings among the shareholders and utilisation of the same for meeting other requirements. The Board will endeavour to maintain a reasonable dividend pay-out of the Company's profit after tax on standalone financials (other than extraordinary income).

### **C. Parameters for Various Classes of Shares**

Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

### **D. Periodic Review**

- This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India, Reserve Bank of India or other regulatory authority, from time to time, on the subject matter.
- The Board reserves the right to review this policy on periodical basis, considering various external and internal factors.

### **E. Disclosure of Policy**

The policy will be available on the Company's website and a link of this policy will also be disclosed in the Company's Annual Report.