



VISHAL FABRICS LIMITED

DIVIDEND DISTRIBUTION
POLICY

Introduction

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”), require the Company to formulate and disclose a Dividend Distribution Policy. The Board of Directors (“Board”) of **Vishal Fabrics Limited** (“the Company”) has adopted this Dividend Distribution Policy to comply the Regulation 43A of the SEBI (LODR) Regulations, 2015.

Dividend Distribution Philosophy

The Company always believes to enhance long term value of the shareholders along with maintaining the liquidity and leverage ratios and protecting the interest of all the stakeholders including customers, debtors, suppliers, employees and the Government. The company always takes efforts in Business expansion therefore adequate funds are retained for sustaining its operations and capital expenditure for future growth of the Company.

Dividend includes Interim Dividend and it represents distributed profit to shareholder in proportion to the amount paid-up by equity shareholder.

Circumstances under which shareholders may or may not expect Dividend

- The company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital and company enhance long term value of shareholders.
- The Company has capability to generate higher return in comparison to return generated by other investment .
- The Company has incurred losses or there is inadequacy of profits.
- The Board will assess the Company's financial requirements, including its growth opportunities and other pertinent factors for the purpose of considering dividend. The dividend for any financial year shall ordinarily be paid out of the Company profits for that year in terms of the provisions of the Companies Act, 2013.

Financial parameters and other internal and external factors to be considered for declaration of dividend.

a) internal factors to be considered for declaration of dividend:

- Availability of surplus.
- The Company's liquidity position and future cash flow needs
- Requirements of capital expenditure.

- Obligations of the Company like Loan Payment, statutory due, repayment of debt etc.
- Stipulations/ Covenants of loan agreements, if any
- Any other relevant factor that the Board may deem fit to consider

b) External factors to be considered for declaration of dividend:

- Prevailing taxation policy and legal requirements.
- Dividend pay-out ratios of companies in the same industry.
- Shareholder expectation.
- Macro-economic and business conditions in general.

RETAINED EARNINGS SHALL BE UTILIZED

The Company's retained earnings may be applied for:

- Organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Establishing various projects/ plans as considered appropriate by the Board of the Company.
- Payment of Dividend in future years
- Issue of Bonus shares
- Any other permissible purpose

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

The Company has presently only one class of shares, i.e., equity shares and if company issue any other class of shares, the Policy shall be modified accordingly therefore currently this clause is not applicable.

MODIFICATION OF THE POLICY

The Board may modify this policy from time to time at its discretion or in line with any amendment made in the Act or applicable Regulations. In case of a conflict between this policy and the extent regulations , the regulations shall prevail.
