

MAFATLAL INDUSTRIES LTD.

Dividend Distribution Policy

1. INTRODUCTION & OBJECTIVE:

This Dividend Distribution Policy (hereinafter referred to as the “Policy”) is framed in compliance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”). The objective of this Policy is to establish the principles and criteria for the declaration and distribution of dividends by Mafatlal Industries Limited (hereinafter referred to as “the Company”) while balancing the need for retention of resources for the Company’s future growth and sustainability, thereby ensuring transparency and consistency in shareholder returns. The Policy also seeks to maintain an equilibrium between the interests of the business, financial creditors, and shareholders.

2. SCOPE AND APPLICABILITY:

The Policy outlines the circumstances and various factors that the Board will consider when making decisions regarding the distribution or retention of profits, ensuring transparency for the shareholders. It applies to the declaration and payment of dividends on equity shares of the Company and is subject to the provisions of the Companies Act, 2013, SEBI LODR, as amended from time to time and other applicable laws and regulations.

3. KEY CONSIDERATIONS FOR DIVIDEND DISTRIBUTION

The decision to recommend or declare a dividend is based on several factors, including but not limited to:

3.1 Financial Parameters and Internal Factors

- a) Profitability of the Company during the relevant financial year.
- b) Accumulated reserves, including Retained earnings and distributable surplus available.
- c) Capital expenditure and working capital requirements such as capital restructuring, debt reduction and capitalisation of shares.
- d) Debt-equity ratio and the need to maintain a healthy balance sheet.
- e) Future business expansion and growth plans.
- f) Any contingency reserves or unforeseen expenditure requirements.
- g) Investment / additional investment in subsidiaries/ associates of the Company.

3.2 External Factors

- a) Macroeconomic conditions and industry trends, both domestic and global.
- b) Unfavourable market conditions.
- c) Changes in government policies, regulatory and statutory provisions.
- d) Dividend pay-out practices followed by peers.
- e) Expectations of shareholders and market sentiments.

3.3 Other Factors

- a) Stability and consistency of past dividend pay-outs.
- b) Tax implications for the Company and shareholders.
- c) Any restrictions imposed under loan or other agreements.
- d) Any other factors as deemed fit by the Board.

4. TYPES OF DIVIDENDS

The Company may declare the following types of dividends:

4.1 Interim Dividend - Declared by the Board of Directors during the financial year, based on the Company's performance and financial position.

4.2 Final Dividend - Recommended by the Board of Directors at the end of the financial year and approved by shareholders at the Annual General Meeting.

5. RETENTION OF PROFITS

The Company may retain a portion of the profits to:

- a) Meet long-term strategic requirements.
- b) Invest in growth opportunities and innovation.
- c) Strengthen reserves for contingencies.

6. DIVIDEND PAY-OUT RATIO:

While the Company does not commit to a fixed dividend pay-out ratio, the Board shall endeavour to maintain a consistent dividend policy aligned with the financial performance and growth strategy of the Company.

7. CIRCUMSTANCES UNDER WHICH DIVIDEND MAY NOT BE DECLARED:

The Company may refrain from declaring dividends under the following circumstances:

- a) Insufficient or inadequate profits.
- b) Higher capital expenditure or investment requirements.
- c) Adverse market or economic conditions.
- d) Restrictions under applicable laws or agreements.

8. REVIEW AND AMENDMENTS:

This Policy shall be reviewed periodically by the Board of Directors and may be amended as deemed necessary to ensure compliance with the applicable laws and the Company's business needs.

9. DISCLOSURES:

This Policy shall be disclosed on the Company's website (<https://www.mafatlals.com/>) i.e. at and a web-link shall also be provided in the annual report, as required under Regulation 43A of SEBI LODR.

10. EFFECTIVE DATE:

This Policy has been approved and adopted by the Board of Directors at its meeting held on 4th February 2025, the same being the effective date of the Policy.

11. DISCLAIMER

This Policy does not constitute a commitment regarding the Company's future dividends but serves as general guidance on the dividend policy. It does not restrict the Board's discretion in recommending the dividend for the year. The Board retains the right to deviate from the policy whenever deemed necessary due to changing circumstances.

In light of the above uncertainties, prospective or current investors are advised not to place undue reliance on any forward-looking statements within this Policy.

Approved and adopted by the Board on 4th February 2025.