

## | Dividend Distribution Policy

### 1. Objective

The objective of this document is to lay down a dividend distribution policy that would be followed consistently by **Yash Pakka Limited** (“hereinafter referred to as (**“The Company”**)) from the financial year 2021-22.

### 2. Background and applicability

The company has always worked on a philosophy of recognizing its shareholders as partners in the growth of company. The company through this policy wants to clearly communicate its intention to the shareholders.

It is also not out of context to mention that the Securities Exchange Board of India (“**SEBI**”) in its quest of improving transparency and corporate governance principles on July 8, 2016 has also inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate and disclose a Dividend Distribution Policy.

Yash Pakka Limited (“**Company**”) is not covered the top five hundred listed companies (based on market capitalization of every financial year) however, the Board of Directors (“**Board**”) of Company follows high corporate governance standard and wishes to adopt this regulation voluntary by formulating a Dividend Distribution Policy.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

### 3. Dividend distribution philosophy

The shareholders of the company are equal partners in the growth of the company as they have invested in the company for consistent return on capital invested by them. The Company is committed for creating value for all its shareholder. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy by rewarding the shareholders on the profits after tax that has been earned by the company.

### 4. Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

## **5. Circumstances under which shareholders can expect Dividend**

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in every financial year.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital, as the company would like to conserve the cash for the significant expansion. As the expansion would normally lead into higher profits, that year's dividend not declared gets offset from the fact that whenever dividend is paid, the dividend received by the shareholders is of a bigger amount.
- b. In the event of inadequacy of profit or whenever the Company has incurred losses

## **6. Final Dividend**

The Company will declare the dividend effective financial year 2020-21, the dividend payout ratio is expected to be around 20% of the Profit After Tax of the Company.

## **7. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:**

- Distributable surplus available as per the Act and Regulations
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

## **8. Modification of the Policy**

The Management Committee of the Board of Directors is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

## **9. Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.