

YUKEN INDIA LIMITED
DIVIDEND DISTRIBUTION POLICY

I. Preamble:

Yuken India Limited is classified as part of the Top 1000 listed Company in India based on market capitalisation as on 31.03.2021. In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, such listed Companies are mandatorily required to formulate a policy for Dividend Distribution and disclose the same on the web-site of the Company and the Annual Report. Accordingly, this Policy has been approved by the Board of Directors at their meeting held on 06th August, 2021.

II. General Policy on Dividend Distribution:

Subject to various parameters mentioned hereinafter, the dividend will be paid annually within 30 days of the Annual General Meeting declaring such dividend. However, the Board, at its discretion, may pay interim dividends or special dividends on any special occasion or increase or decrease the payout ratio based on the parameters mentioned hereinafter.

III. Parameters for determining the Quantum of Dividend Distribution:

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

a. **Statutory Requirements:** The Board shall comply with the provisions of the Companies Act, 2013 and rules applicable thereunder at the time of taking decision with regard to dividend declaration or retention of profit.

b. **Internal Parameters:**

- Post-tax profits
- Free Cash flows after providing for the increase in working capital requirements or normal capitalexpenditure.
- Financial Leverage and Debt Retirement
- Growth and profit sustainability for the next 3 years.
- Quantum of cash to be preserved for exigencies, expansion & diversification including inorganicexpansion through acquisitions, operation restructuring etc.,
- Avenues for better utilization of retained cash in the interest of all stakeholders
- Maintaining a stable dividend payout over the years
- Any other relevant or material factor as may be deemed fit by the Board.

c. **External Parameters:**

- General economic conditions both domestic and global
- Factors affecting the industry in which the Company is engaged in
- Market Competition
- Government Regulations
- Statutory provisions and guidelines
- Dividend payout ratio of competitors

IV. Dealing with Retained Earnings:

Earnings remained after payment of dividend will be utilized for the following purposes:

- Meeting increased working capital requirements in line with growth and market requirements.
- Meeting investment requirements in accordance with the Long-Range Plan of the Company.
- Maintaining a safety net to meet any exigencies or to take advantage of any business opportunities.
- Deploying the free cash in treasury operation to earn a decent return without compromising the safety of the principal.
- Such other criteria's as the Board may deem fit from time to time.

V. Circumstances under which Dividend may not be distributed:

- Year of inadequate profits or cash losses.
- Cash requirement for any major acquisition opportunities or for a retirement of debt.
- Proposal for buy-back of securities
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Proposed expansion plans requiring higher capital allocation

VI. Policy for Different Classes of Shares:

The Company, as of date, has only Equity shares with the same rights for all the shareholders. In the event the Company issues in the future any shares with preferential rights over equity shares, the same shall be adhered to in accordance with the terms of such issue.

VII. Publication of the Policy:

This policy will be displayed on the website of the Company 'www.Yukenindia.com' and disclosed in the Annual Report of the Company as required by the Regulations that may be in force from time to time.

VIII. Conflict of Policy:

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

IX. Amendments:

The Board at its discretion may vary this policy, from time to time including the parameters and such changes will be updated on the website of the Company and disclosed in the Annual Report.
