



## **DIVIDEND DISTRIBUTION POLICY**

[Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Approved by**

Board of Directors

Dated 28<sup>th</sup> August, 2022

**WAPCOS LIMITED**

**CIN:** U74899DL1969GOI005070

**Registered Office :** 5th Floor Kailash 26, Kasturba Gandhi Marg, New Delhi – 110001, India  
**Corporate Office:** 76-C, Institutional Area, Sector-18, Gurgaon, Haryana-122015

## WAPCOS LIMITED

### DIVIDEND DISTRIBUTION POLICY

#### 1. PREAMBLE

The shares of WAPCOS Limited (“**WAPCOS**” or “**Company**”) are listed on Stock Exchanges. Securities and Exchange Board of India (“**SEBI**”) vide its notification dated July 8, 2016 has inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**SEBI LODR Regulations**”) which requires top thousand (1000) listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed on the website of the Company and a web-link shall also be provided in their annual reports.

Since, WAPCOS is in the process of launching an Initial Public Offer (IPO) by way of listing its equity shares on the Stock Exchange, the said regulation may become applicable on WAPCOS.

In accordance with the Regulation 43A of the SEBI LODR Regulations, the Company has framed this Dividend Distribution Policy (the “**Policy**”). The Board of Directors of WAPCOS (“**Board**”), at its meeting held on 28<sup>th</sup> August, 2022 approved the Policy. The Policy will be effective from the date of listing of the Company on Stock Exchange(s), unless specified otherwise.

#### 2. REGULATORY/ POLICY FRAMEWORK

- i. The Policy has been framed broadly in line with the provisions of the Companies Act, 2013 and rules made thereunder (“the **Act**”) and the SEBI LODR Regulations;
- ii. Taking into consideration, guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by Department of Investment and Public Asset Management, Ministry of Finance, Government of India (“**DIPAM**”) dated May 27, 2016 (“**CPSE Guidelines on Capital Restructuring**”); and
- iii. Any other law, regulations, guidelines, to the extent applicable.

#### 3. OBJECTIVE AND SCOPE OF THE POLICY

- i. The Policy is aimed at increasing Company’s fundamental value ensuring an annual dividend payout based on the amount of profit to be distributed amongst shareholders of the Company after balancing the requirement of deployment of internal accruals for its sustenance and growth plans.
- ii. The Company’s commitment is to deliver sustainable value to all its stakeholders.
- iii. The Company has been consistently paying dividend and this trend is expected to continue in future as well unless the Company is unable to declare dividend due to any of the factors listed ahead.
- iv. The Company endeavors to declare dividend, as per the CPSE Guidelines on Capital Restructuring, from time to time.

#### 4. INTENT OF THIS POLICY

The intent of the Policy is to broadly specify the following parameters:

- i. The circumstances under which the shareholders of the Company may or may not expect dividend;
- ii. The financial parameters that shall be considered while declaring dividend;





- iii. Internal and external factors that shall be considered for the declaration of dividend;
- iv. Policy as to how the retained earnings shall be utilized and;
- v. Parameters that shall be adopted with regard to various classes of shares.

Provided that if the Company proposes to declare dividend on the basis of parameters in addition to clauses i) to v) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, the Company shall disclose such changes along with the rationale for the same in its annual report and on its website.

**A. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The Company has been consistently paying out dividends to its shareholders and is expected to continue in future as well, unless the Company is restrained to declare dividends due to financial and other internal and external factors as mentioned below. The Company would aim to strike a balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs.

Further, though the Company endeavors to declare the dividend as per the guidelines issued by DIPAM, however, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

**B. Financial Parameters that shall be considered while declaring dividend.**

Being a Central Public Sector Enterprise ("CPSE"), the Company endeavors to declare the dividend as per the CPSE Guidelines on Capital Restructuring, mandating every CPSE to pay a minimum annual dividend of 30% of Profit after Tax ("PAT") or 5% of the net-worth, whichever is higher, subject to the maximum dividend permissible under the extant legal provisions. Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified on case to case basis at the level of Administrative Ministry/Department after considering the following financial parameters:

- i. Realized and projected profitability;
- ii. Net-worth of the Company and its capacity to borrow;
- iii. Earnings per share;
- iv. Long-term borrowings;
- v. CAPEX/Business Expansion needs;
- vi. Retention of profit for further leveraging in line with the CAPEX needs; and
- vii. Cash and bank balance.

**C. Internal and External factors to be considered while declaring Dividend**

- i. Capital expenditure requirements considering expansion and other opportunities;
- ii. Borrowing levels and the capacity to borrow;
- iii. Cost and availability of alternative source of financing;
- iv. Macroeconomic and business condition;
- v. Regulatory norms; and
- vi. Any other relevant factors that the Board may deem fit to consider before declaring dividend.

**D. Utilization of Retained Earnings**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:





- i. Capital and Revenue Expenditures for the growth of the business and operations of the Company.
- ii. Issue of bonus shares or buy back of shares as per DIPAM guidelines.
- iii. Any other purpose which the Board may consider appropriate.

**E. Parameters to be adopted with regard to various classes of shares**

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

**5. STATUTORY REQUIREMENTS**

The Board shall ensure compliance with the requirement of the Act, the CPSE guidelines on Capital Restructuring and all other applicable law while taking decision of a dividend payout during a particular year.

**6. MANNER AND TIMELINES FOR DIVIDEND PAYOUT**

- i. Dividend for every financial year shall be decided by the Board considering various statutory requirements, financial performance of the Company and other internal and external factors enumerated earlier in the Policy.
- ii. Interim dividend(s), if any, may be declared by the Board in addition to final dividend.
- iii. Subject to applicable laws, the payment of interim dividend shall be made within 30 days from the date of approval by the Board to the shareholders entitled to receive dividend on the record date.
- iv. Recommendation for final dividend, if any, shall be done by the Board usually in the Board meeting that considers and approves the annual financial statements, subject to approval of shareholders of the company.
- v. Subject to applicable laws, the payment of final dividend shall be made within 30 days from the date of approval by the members to the shareholders entitled to receive dividend on the record date.
- vi. The payment of Interim Dividend shall be subject to Shareholders' ratification.

**7. DISCLOSURE OF THIS POLICY**

The Policy shall be disclosed in the Annual Report of the Company as well as on Company's website, as required under Act and the SEBI LODR Regulations or as may be required under any other law for the time being in force.

**8. REVIEW**

The Policy shall be subject to review / changes as may be deemed necessary and in accordance with regulatory amendments from time to time. The Chairman and Managing Director of the Company shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace the Policy entirely with a new Policy in accordance with regulatory amendments from time to time and the same should be placed before the Board for their information.

**9. WEBSITE**

The Policy will be uploaded on the Company's website for public information.



\*\*\*\*\*