



DIVIDEND DISTRIBUTION POLICY

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)]

[Approved by the Board of Directors on August 17, 2021]

I. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, [**Listing Regulations**] vide circular no. SEBI/LAD-NRO/GN/2021/22 dated 05th May, 2021, the Board of Directors of the Company have approved and adopted the Dividend Distribution Policy [**Policy**] of the Company in their Meeting held on August 17, 2021.

Regulation 43A of the Listing Regulations makes it mandatory for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

The Company being one of the top 1000 listed companies as per the market capitalization as on the last day of the immediately preceding financial year, i.e. March 31, 2021, frames this Policy to comply with the requirements of the Listing Regulations.

II. DIVIDEND DISTRIBUTION PHILOSOPHY & OBJECTIVE

The Company is deeply committed to drive superior values creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation.

Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

III. DEFINITIONS

a. "Act" shall mean the Companies Act, 2013 including the Rules made thereunder, as

amended from time to time.

- b. "Applicable laws" shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- d. "Company" shall mean **Gulshan polyols Limited**
- e. "Dividend" shall mean Dividend as defined under Companies Act, 2013.
- f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year.
- g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

IV. DIVIDEND

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

V. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

1. Factors for recommendation/ declaration of Dividend.

a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year's net operating profit;
- ii. Distributable surplus available as per the Act and Regulations;
- iii. Operating cash flow of the Company;
- iv. Capital expenditure and working capital requirements;
- v. Financial commitments w.r.t. the outstanding borrowings and interest thereon;
- vi. Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses;
- vii. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
- viii. Past dividend trend; and

- ix. Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

b. External Factors

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including prevailing taxation laws;
- ii. Economic conditions;
- iii. Prevalent market practices;
- iv. Inflation rate; and
- v. Changes in the Government policies, industry specific rulings & regulatory provisions.

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

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. The decision regarding Dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.

3. Manner of utilisation of Retained Earnings

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of Free reserves available for distribution of dividend, after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

4. Parameters for various Classes of Shares

The Company has only one class of listed shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution. Further, parameters for dividend payments in respect of any other class of listed shares will be as per the respective terms of issue and in accordance with the Applicable Laws and will be

determined, as and when the Company decides to issue other classes of listed shares.

VI. GENERAL

i. Final Dividend

The Final dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in the Annual General meeting which shall be further declared by the shareholders of the Company, pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

ii. Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a Financial Year as may be deemed fit. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

The Company shall ensure compliance with the applicable laws w.r.t. payment of dividend to the shareholders.

VII. MODIFICATION/AMENDMENT:

In case of any subsequent changes in the provisions of the Act or further rules and regulations / guidelines from the Securities and Exchange Board of India including the Listing Regulations or any other regulations which makes any of the provisions of this Policy inconsistent, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in the Policy would be modified accordingly in due course to make it consistent with applicable laws.

The Board of Directors shall approve any modifications/deviations to the policy and will be the competent authority for any interpretation regarding the policy from time to time.

The policy will be available on the Company's website www.gulshanindia.com. The link to the policy will also be disclosed in the Company's annual report.
