

DIVIDEND DISTRIBUTION POLICY

1. Background and applicability

Through an amendment in regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on May 5, 2021 SEBI has mandated the top 1000 listed companies (by market capitalization as on March 31 of previous financial year) to disclose a Dividend Distribution Policy in the annual report and on the corporate website. Our Company was in top 1000 Companies as on March 31, 2020. Accordingly, the Board of Directors of GP Petroleums Limited has adopted this Dividend Distribution Policy to comply with these requirements.

2. Scope

This Policy shall apply to the Dividend on the Equity Shares of the Company. Presently, the Company has only one class of Equity Shares.

3. Objective

The objective of this Policy is to specify guidelines that shall be considered by the Board for recommendation and declaration of dividend from time to time. The guidelines shall cover the following aspects:

- (a) The circumstances under which the shareholders of the listed entities may or may not expect dividend;
- (b) The financial parameters that shall be considered while declaring dividend;
- (c) Internal and external factors that shall be considered for declaration of dividend;
- (d) Policy as to how the retained earnings shall be utilized; and
- (e) Parameters that shall be adopted with regard to various classes of shares.

4. Definitions

“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.

“Board” shall mean Board of Directors of the Company.

“Companies Act or Act” shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.

“Company” shall mean GP Petroleums Limited.

“Dividend” includes any interim dividend.

“Policy” means this Dividend Distribution Policy.

“Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the Securities and Exchange Board of India, as amended, from time to time.

The Financial and Internal Parameters that shall be considered while declaring dividend

The financial parameters that may be considered before declaring dividend are:

- a) Availability of distributable surplus as per the Act & Regulations;
- b) Liquidity and Operating cash flow position;
- c) Working capital requirements;
- d) Debt service Obligations to lenders and financial covenants;
- e) Business expansion acquisitions;
- f) Organic and inorganic growth;
- g) Quarterly and Annual results;
- h) Expansion and modernisation of existing business;
- i) Long term growth strategy and growth plans;
- j) Investment in research and development for new and efficient products.

5. External

- a) Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates or the business of the Company or of its clients;
- b) Any political, tax and regulatory changes in the geographies in which the Company operates;
- c) Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- d) Any changes in the competitive environment requiring significant investment;
- e) Cost of raising funds from alternate sources;
- f) Shareholders’ expectations;
- g) Uncertain or recessionary economic and business conditions;
- h) Restrictions imposed under the Act or the regulations with regard to declaration of dividend;
- i) Sectoral performance;
- j) Future uncertainties and industrial downturn;
- k) Pandemic and natural calamities.

6. Circumstances under which shareholders may or may not expect dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

The Board shall consider the factors provided under Clause 5 and 6 above, before determination of any dividend and the Board may consider not declaring dividend or may recommend a lower

payout for a given financial year, after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention or in the event of challenging circumstances such as future uncertainties, economic slowdown, industrial down turn, pandemic, etc.

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

7. Utilization of retained earnings

Retained Earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of the business.

The retained earnings of the Company may be used in any of the following ways:

- a) Reduce high cost of debt;
- b) Organic and/or inorganic growth;
- c) Investment in new business (es) and/or additional investment in existing business (es);
- d) Market expansion/product expansion/modernization of plant;
- e) Investment in new technology;
- f) Replacement of capital assets;
- g) Declaration of dividend;
- h) Capitalisation of shares;
- i) Buy back of shares;
- j) General corporate purposes, including contingencies;
- k) Balancing the capital structure by deleveraging the Company;
- l) Any other permitted usage as per the Companies Act, 2013.

8. Declaration of Dividend

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act.

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 the shareholders of the Company at the annual general meeting.

The Board of Directors (Board) may consider declaration of interim dividend after satisfying with the financial position that allows the payment of such dividend. The Dividend once declared or approved will be paid to the shareholders entitled to receive dividend within the statutory period permitted by law.

9. Parameters to be adopted with regard to various class of shares

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 reviewed/amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

10. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

11. Modification of this Policy

The policy may be modified from time to time by the Board at its discretion and/or in pursuance of any amendments made in the Companies Act, the Regulations, etc.

In case of any inconsistency between the terms of this policy and the Act/regulations as stated herein for the time being in force, the Companies Act/ regulations shall take precedence over this policy.

The Policy was adopted on June 10, 2021.