

# DIVIDEND DISTRIBUTION POLICY



## **DIVIDEND DISTRIBUTION POLICY**

### **PREAMBLE:**

At GP Eco, we are committed to a corporate culture characterized by trusteeship, empowerment, accountability, control, and ethical practices, all anchored in transparency. We strive to create maximum value for our shareholders by driving growth, believing that sustainable growth is fundamental to achieving this goal.

*The Board of Directors (the “Board”) of GP Eco Solutions India Limited (the “Company”) has adopted this Dividend Distribution Policy (the “Policy”) at its meeting held on 17th January, 2024, as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) and became effective from the date of listing of equity share of the Company with the Stock Exchanges.*

### **OBJECTIVE:**

The objective of this Policy is to provide the dividend distribution framework to the stakeholders of the Company. This Policy is aimed to lay down the circumstances, parameters, external and internal factors including financial parameters that shall be considered while declaring dividend and intends to assist investors and stakeholders for their investing decisions. The Board may in extraordinary circumstances, deviate from the parameters listed in this Policy.

The Board shall recommend dividend in compliance with this Policy, the provisions of Companies Act 2013 and rules framed thereunder, as amended, (“Companies Act”) and other applicable provisions.

### **DEFINITIONS:**

“**Act**” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

“**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.

“**Company**” shall mean GP Eco Solutions India Limited.

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

“**Compliance Officer**” shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

“**Dividend**” shall mean Dividend as defined under the Companies Act, 2013 and includes Interim Dividend.

“**Policy or this Policy**” shall mean the Dividend Distribution Policy.

“**SEBI Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

### **SCOPE OF THE POLICY:**

The Policy covers the following:

#### **Dividend to Equity Shareholders of the Company:**

At present the company has only one class of equity shares. As and when the company proposes to issue any other class of equity shares, the policy shall be modified accordingly.

#### **Interim Dividend:**

- a) Interim Dividend(s), if any, shall be declared by the Board.
- b) In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (AGM).

#### **Final Dividend:**

- a) Recommendation, if any, shall be made 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.
- b) The dividend as recommended by the Board shall be approved / declared in the AGM of the Company.

#### **The Policy shall not apply to:**

- a) Dividend to Preference Shareholders.

b) Distribution of cash or other assets to Equity Shareholders pursuant to buyback of shares.

c) Issue of fully paid up bonus shares or other securities to Equity Shareholders or converting partly paid-up equity shares to fully paid-up shares.

#### **PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDEND:**

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

- 1) Profits earned during the financial year
- 2) Retained Earnings
- 3) Setting off unabsorbed losses and / or depreciation of past years, if any.
- 4) Earnings outlook for next three to five years
- 5) Past dividend trends
- 6) Any other relevant factors and material events

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

- 1) State of economy and capital markets.
- 2) Applicable taxes including dividend distribution tax.
- 3) Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements (including dividend distribution tax) having significant impact on the Company's operations or finances.
- 4) Technological Changes which necessitate significant investment in the business of the Company.
- 5) Any other relevant or material factor as may be deemed fit by the Board.

#### **PROCEDURE FOR DECIDING QUANTUM OF DIVIDEND :**

a. The Chief Financial Officer ("CFO") after considering the parameters mentioned above and in consultation with the Managing Director ("MD")/ Chief Executive Officer/Manager may propose the rate of final dividend to be recommended by the Board to Shareholders or the rate of interim dividend to be declared by the Board.

- b. The Board upon perusing the rationale for such pay-out may recommend the final dividend or declare the interim dividend.
- c. The final dividend recommended by the Board is subject to approval/declaration by the shareholders in the ensuing general meeting.
- d. The interim dividend approved by the Board requires confirmation by the shareholders in the ensuing general meeting.
- e. In case of inadequacy of profits in any financial year, the Board may consider the recommendation of final dividend out of accumulated profits as may be permitted under the applicable laws and regulations from time to time.

### **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The decision regarding dividend payout seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to balance capital requirements. The Equity shareholders may expect dividends only if the Company has surplus funds and after taking into consideration relevant financial parameters / internal /external factors.

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

- a. Significant expansion project requiring higher allocation of capital;
- b. Significantly higher working capital requirements adversely impacting free cash flow;
- c. Acquisitions or joint ventures requiring significant allocation of capital;
- d. Proposal for buy back of securities;
- e. Inadequacy of profits or whenever the Company has incurred losses; in particular, where the debt servicing capability can get compromised
- f. Restrictions in loan / NCD agreements on account of covenants therein
- g. Weak industry / business outlook whereby it is prudent in the eyes of the Board to conserve cash than payout dividend.

### **POLICY ON UTILIZATION OF RETAINED EARNINGS**

Retained earnings may be utilized for capital expenditure, acquisitions, expansion or diversification, long term working capital, general corporate purposes or it can be distributed to

the shareholders by way of dividend, bonus shares, buy-back of shares or for such other purpose as the Board may deem fit from time to time.

**REVIEW/MODIFICATION OF THE POLICY:**

The Board reserves the right to amend, modify or review this Policy along with the rationale for the same in whole or in part, at any point of time, as may be deemed necessary in accordance with the amendment of the Companies Act and the Regulations, and any other regulations, guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authority.

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