



GANDHAR OIL REFINERY (INDIA) LIMITED

POLICY

ON

DIVIDEND DECLARATION POLICY

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Gandhar Oil Refinery (India) Limited

Dividend Declaration Policy

1. PURPOSE AND SCOPE

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) mandate framing of Dividend Distribution Policy (“**Policy**”) by top 1,000 listed companies, based on the market capitalization.

In view of the said requirement, the Board of Directors of Gandhar Oil Refinery (India) Limited (the “**Company**”, and the board of directors of the Company, the “**Board**”) recognises the need to lay down a broad frame work with regard to distribution of dividend to its shareholders and utilization of the retained earnings. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

The Policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or retention of profits.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Company believes that driving growth through the unique business model of the Company in the healthcare sector is the key to maintaining a balance between creating value for the shareholders and ensuring growth of the Company.

Towards this end, the Company would utilize its profits first towards various business requirements like expenditure to meet expansion, reducing debt, maintaining optimum working capital, funds for inorganic growth opportunities.

The Board will have regard to this policy while declaring / recommending dividends on behalf of the Company. Through this Policy, the Company would strive to maintain a consistent approach to dividend pay-out plans.

The Policy, shall be applicable to the Company with effect from the listing of the equity shares of the Company on one or more recognized stock exchanges.

2. DEFINITIONS

“**Act**” means Companies Act, 2013 and rules and any amendment(s) or modification(s) or circular(s) or notification(s) or order(s) made there under.

“**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 together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which deal with the distribution of dividends.

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

“**Dividend**” includes interim dividend.

Words and expressions used and not defined in this Policy but defined in the Act or other Applicable Laws shall have the same meaning respectively assigned to them in those Applicable Laws.

3. CATEGORY OF DIVIDENDS

The Act provides for two forms of Dividend - final and interim. The Board shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board shall have the absolute power to declare interim dividend during the Financial Year, as and when they consider it fit.

Final Dividend

The final dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of the Company has the power to recommend the payment of final dividend to the shareholders in a general meeting. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Interim Dividend

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

4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout is an important decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business. Hence, the shareholders of the Company may expect dividend only if the Company is having adequate profits after complying with all other statutory requirements under the Applicable Laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

1. in case of inadequacy of profits or whenever the Company has incurred losses;
2. whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
3. whenever the Company undertakes any acquisitions or joint arrangements requiring significant allocation of capital;
4. significantly higher working capital requirement affecting free cash flow;
5. whenever the Company proposes to utilize surplus cash for buy- back of securities or setting off of previous year losses or losses of its subsidiary/ies ; and
6. in case the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.

However, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay out in the range of 10% to 15% of the annual consolidated Profits after Tax (PAT) of the Company.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy, if any.

5. FINANCIAL AND OTHER PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

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

1. Profits earned and available for distribution during the Financial Year
2. Accumulated Reserves including Retained Earnings
3. Earnings outlook for next three to five years
4. Expected future capital / expenditure requirements of the Company
5. Organic growth plans / expansions
6. Long term investment proposed, capital restructuring, debt reduction
7. Cost of raising funds from alternate sources
8. Crystallization of contingent liabilities of the Company

9. Profit earned under Consolidated Financial Statement
10. Cash Flows
11. Current and projected cash balance
12. Any other relevant factors and material events

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

1. Macro-economic environment - Significant changes in macro-economic environment materially affecting the business in which the Company is engaged in the geographies in which the Company operates.
2. Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the business in which the Company is engaged.
3. Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.
4. Other factors like statutory and contractual restrictions.

6. UTILIZATION OF RETAINED EARNINGS

Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and also its shareholders. The retained earnings may be utilized by the Company for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of the Company. In the absence of any viable growth opportunity (organic / inorganic), Company shall utilize retained earnings for reducing its debt obligations. In the absence of the opportunity to utilize retained earnings in any of the above options, as an exception, the Board shall use the larger portion of profits to distribute amongst the shareholders as dividend.

7. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of equity shares with equal voting rights and therefore all Shareholders of the Company are entitled to receive the same amount of dividend per equity share. Parameters for dividend payments in respect of any other class of equity shares will be as per the respective terms of issue and in accordance with the Applicable Laws and will be determined, if and when the Company decides to issue other classes of equity shares.

8. RATE/ QUANTUM OF DIVIDEND

It has always been the Company's endeavour to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this Policy.

9. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Applicable Laws, the provisions of Applicable Laws shall prevail.

10. REVIEW / AMENDMENT

The policy may be reviewed periodically by the Board. The Board can amend this Policy, as and when deemed fit.

11. DISCLOSURE

The Policy shall be disclosed on the website of the Company and a web-link shall also be provided in its annual report.

If Company proposes to declare dividend on the basis of parameters in addition to the ones listed in this Policy or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.