



GK Energy Limited

(Formerly known as GK Energy Private Limited, GK Energy Marketers Private Limited)

Registered Office: Office No. 802, CTS No. 97-A-1/57/2, Suyog Center,
Pune – Maharashtra, 411037, India.

Corporate Identity Number: U74900PN2008PLC132926

Website: www.gkenergy.in

DIVIDEND DISTRIBUTION POLICY

Version 1.0 approved and adopted in the meeting of Board of Directors held on 3rd December 2024

DIVIDEND DISTRIBUTION POLICY

The Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires top one thousand listed companies on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy (“Policy”). Adhering to the best corporate governance practice and to comply with provisions of the Listing Regulations as and when it becomes applicable, GK Energy Limited (“Company”) has framed this Policy. The Board of Directors of the Company (“Board”) has adopted this Policy at its meeting held on December 30th, 2024. This Policy becomes effective from the date of its adoption by the Board.

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between pay-out and retained earnings, in order to address future needs of the Company.

Dividend would continue to be declared on per share basis on the ordinary Equity Shares of the Company having face value of Rs. 2/- each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (“AGM”) of the shareholders, as may be permitted by the Companies Act, 2013, as amended (“Companies Act”). The Board may however also declare interim dividends as may be permitted by the Companies Act.

The objective of this document is for the Company to follow a consistent dividend future balance the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

The Board may not recommend the Dividend and the stakeholders of the Company may not expect the Dividend in the following circumstances, subject to discretion of the Board:

- i) Proposed expansion plans requiring higher capital allocation
- ii) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- iii) Requirement of higher working capital for the purpose of business of the Company
- iv) Proposal for buy-back of securities
- e) Inadequacy of profits earned during the financial year
- v) Inadequacy of cash balance
- vi) Adverse market conditions and business uncertainty

The Company shall declare the Dividend only after ensuring compliance with provisions of the Act and rules made thereunder, the Listing Regulations as amended and any other regulations as may be applicable from time to time.

In the event of any conflict between this Policy and the provisions contained in the Companies Act and / or the Listing Regulations, the Companies Act and / or the Listing Regulations shall prevail.

This Policy shall be reviewed periodically by the Board. Any changes, revisions or amendments to this Policy will be carried out with the approval of the Board and will be communicated to shareholders in due time.

Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e. 3rd December 2024.

Purpose, Objectives and Scope:

a) The Securities and Exchange Board of India ('SEBI') vide its Gazette Notification dated July 8, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalisation calculated as on the 31st day of March of every year. SEBI vide its notification dated 05.05.2021 made it applicable to all top 1000 listed companies based on their market capitalisation.

b) Accordingly, the Board in its meeting held on 3rd December 2024 had laid down a broad framework for distribution of dividend to its shareholders and/or retaining of its profits to meet the funds requirement for the future growth plans of the Company. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or retention of its profits, in the interest of providing transparency to the shareholders.

c) Deviation of any of the element of this policy, in the declaration of dividend will be regarded as deviation of the policy. Any such deviation on elements of this Policy, in extraordinary circumstances, when deemed necessary by the board in the interests of the Company, along with the rationale thereof, shall be disclosed in the Annual Report by the Board.

d) The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be in consistent with the performance of the Company over the years.

Parameters to be considered while declaring Dividends:

Financial Parameters

Earnings of the Company: The Board shall consider long term sustainable earning of the Company for declaration of the dividend. Since dividend is directly linked with the earnings of the Company, the magnitude of long-term sustainable earnings will significantly impact the dividend declaration decisions of the Board. The dividend shall be declared out of earning the year for which the dividend is declared. Only in exceptional circumstances the board, shall utilize the accumulated profits of the earlier years, for payment of dividend, subject to compliance of the provisions of the Companies Act, 2013.

Operating cash flow of the Company: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the same before its decision whether to declare dividend or retain its profits.

Cost of borrowings: The Board will analyse the requirement of necessary funds considering the long-term or short-term projects proposed to be undertaken by the Company and the viability of the raising funds from alternative sources vis-a-vis plough back its own funds.

Obligations to lenders: The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

Debt Covenant's

Inadequacy of profits: If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

Post dividend EPS: The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-to-day basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.

Proposals for major capital expenditures:

The Board may also take into consideration the need for replacement of capital assets, expansion and modernisation or augmentation of capital asset including any major sustenance, improvement and growth proposals and requirement of the funds for the same.

Agreements with Banks lending institutions/Bondholders/ Debenture Trustees:

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time. The covenant of debt shall be considered by the board, while declaring the dividend. Before declaring any dividend, the board will ensure that the debt covenants are complied by the Company.

Buy Back of Equity Shares:

In case the board decides to buy back the shares, the quantum of dividend may be impact on account of distribution of profits/accumulated profit for the buyback of equity shares of the Company, in compliance of the provisions of the Companies Act, 2013 & SEBI Regulations.

Statutory requirements:

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

Factors that may affect Dividend Payout:

External Factors:

Macroeconomic conditions: Considering the current and future outlook of the economy of the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the global market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to meet the exigency during unforeseen circumstances.

Cost of raising funds from alternative sources: If the cost of raising funds to pursue its planned growth and expansion plans is significantly higher, the management may consider retaining a larger part of the profits to have sufficient funds to meet the capital expenditure plan.

Taxation and other regulatory provisions: Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend. Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

Internal Factors:

The Company's long-term growth strategy which requires to conserve cash in the Company to execute the growth plan.

The liquidity position of the Company including its working capital requirements and debt servicing obligations.

The trend of the performance of the Company during the past few years.

Manner of Dividend Payout:

Given below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations.

In case of final dividends:

Recommendation, 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.

The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.

The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

In case of interim dividend:

Interim dividend, if any, shall be declared by the Board.

Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.

In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

The Board may also declare special dividend, if any.

Provisions in regard to various classes of shares

The Company has only one class of equity shareholders and does not have any issued preference share capital. However, in case Company issue different class of equity shares any point in time, the factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.

The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

Dividend when declared shall be first paid to the preference shareholders of the Company, if any as per the terms and conditions of their issue.



Review of the Policy

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments. Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

This Policy will be available on the Company's website.
