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: U74900PN2008PTC132926
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

A. Preamble

(a) 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 (formerly known as GK Energy Private Limited, GK Energy Marketers Private Limited) ("Company") has framed this Policy. The Board of Directors of the Company ("Board") has adopted this Policy at its meeting held on December 3rd, 2024.

(b) This Policy becomes effective from the date of its adoption by the Board. This Policy shall be disclosed in the annual reports of the Company and also on the website of the Company.

(c) 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.

(d) 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.

B. Parameters to be considered while declaring Dividends

(a) **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 and other applicable laws.

(b) **Operating cash flows 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.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **Industry outlook and stage of business cycle for underlying business:** The dividend pay-out may be impacted by overall Industry Outlook and the business stage of the Company in context of the same. For example, if the Board expects the Industry outlook to be negative, it may decide to retain funds in the business rather then distributing dividend.

(h) **Buy Back of Equity Shares:** In case the board decides to buy back the shares, the quantum of dividend may be impacted on account of cash outflows for buyback of equity shares of the Company, in compliance with the provisions of the Companies Act, 2013 and other applicable laws.

(i) **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.

(j) **Any other relevant factors that the Board may deem fit to consider before declaring dividend:** The Board shall consider any and all of the other factors such as applicable taxation policies, contingent liabilities, prevailing market conditions, macroeconomic outlook etc for considering any dividend pay-outs.

C. Parameters with regard to classes of shares

Dividend would continue to be declared on per share basis on the ordinary Equity Shares of the Company. 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. Parameters for dividend payment in respect of any other class of shares, if issued, will be as per respective terms of issue in accordance with the articles of association of the Company and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares. The Board may suitably amend the Policy at such time.

D. Procedure for declaration of dividend

(a) Interim Dividend

1. The Board may declare the interim dividend at its discretion from time to time.
2. The interim dividend can be declared by the Board one or more times in a financial year.
3. The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other applicable laws.

(b) Final Dividend

1. The final dividend, if any, is paid once in a financial year after the preparation of the annual financial statements to the eligible shareholders subject as per provisions of the Companies Act, 2013, SEBI Regulations and other applicable laws.
2. The Board shall recommend the final dividend to the Shareholders for their approval in the Annual General Meeting of the Company for the financial year.

E. Procedure for deciding quantum of dividend

(a) The Chief Financial Officer, after evaluating the parameters outlined above and in consultation with the Chairman & Managing Director and Chief Executive Officer, may propose the dividend to the Board.

(b) The Board, after reviewing the rationale for the proposed payout, may recommend the final dividend or declare the interim dividend.

(c) Any final dividend recommended by the Board is subject to approval by the shareholders at the subsequent general meeting.

(d) An interim dividend declared by the Board must be confirmed by the shareholders at the subsequent general meeting.

(e) In the event of insufficient profits during any financial year, the Board may consider recommending a final dividend from accumulated profits, as permitted by the applicable laws and regulations.

F. Circumstances under which the shareholders may or may not expect dividend

The Board may not recommend the dividend and the shareholders of the Company may not expect the dividend in the following circumstances:

(a) Proposed expansion plans requiring higher capital allocation

(b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow

(c) Requirement of higher working capital for the purpose of business of the Company

(d) Proposal for buy-back of securities

(e) Inadequacy of profits earned during the financial year

(f) Inadequacy of cash balance

(g) Adverse market conditions and business uncertainty

(h) Occurrence of any significant contingent liability, which if materialised, may have material impact on business, profits and/or financial position of the Company

(i) On account of any statutory or contractual restrictions imposed upon the Company or industry in general

(j) Higher cost of raising fund from alternative sources

(k) Any other existing or likely event, considering which the board may deem it appropriate to retain surplus cash flows in the business

G. Review and Modification

(a) This Policy will be regularly reviewed to ensure that it remains relevant to the Company's business aims and requirements. Compliance with this Policy and associated procedures will be monitored on an ongoing basis through self-assessment procedures and reviews.

(b) 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.

(c) The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the Act, SEBI Regulations and any other applicable laws. Such change in the policy shall be disclosed on the Company's website and in the ensuing annual report of the Company in accordance with the applicable laws.

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