



GOCL Corporation Limited

Dividend Distribution Policy

Introduction

The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, amended Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top thousand listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The Company being amongst top 1000 listed entities based on aforesaid criteria for the year ended March 31, 2021, has formulated this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise surplus profits and the parameters that shall be adopted with regard to the declaration of dividends.

Objective

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilised, etc. The policy shall come into force for accounting periods beginning from 1st April, 2021.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall be declared at an annual general meeting in case of final dividend. Depending on the long-term growth plans of the Company and the prevailing market conditions, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained to meet the growth plans of the Company.

Definitions

- (i) **“Act”** means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment or modification thereof for the time being in force.
- (ii) **“Dividend”** includes final and interim dividend.
- (iii) **“Dividend Payout ratio”** means a fraction of net income (i.e. Profit after tax) a Company pays to its shareholders as dividend.
- (iv) **“Market capitalisation”** means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) **“Paid-up Share Capital”** means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.



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(vi) **“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.

Declaration and payment 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. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the book closure / record date.

The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act and the rules made thereunder, the Board shall recommend Dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived at after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

Parameters for declaration of dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year financial results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. Taking into account the interim dividend / special interim dividend already paid, if any, the Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend. The Board of Directors would strive to achieve a balance between the amount to be distributed among shareholders of the Company and retaining profits in order to maintain adequate financial resources to support future growth.

(i) Financial parameters

- (a) Availability of profits;
- (b) Operating and other cash flows of the Company;
- (c) Working capital requirements of the Company;
- (d) Debt Equity ratio;
- (e) Interest coverage ratio;
- (f) Liquidity position;

(ii) External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;



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- (d) Sectoral performance;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;
- (g) Risk effect.

(iii) Internal Factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Plans for expansion and automation/modernisation of existing business operations;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/associates;
- (h) Future uncertainties and industrial downturn;
- (i) Buyback options;
- (j) Past dividend pay-out ratio/ trends.
- (k) Accumulated reserves / retained earnings.

(iv) Utilisation of retained earnings

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business operations;
- (b) Long term strategic plans;
- (c) High cost of debt;
- (d) Market or product development/expansion plans;
- (e) Increase in production capacity;
- (f) Modernisation / Automation Plans;
- (g) Replacement of capital-intensive assets.

The Board may additionally recommend special dividend in special circumstances.

Classes of Shares

The Company has issued only one class of shares viz., Equity Shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

The circumstances under which the shareholders of the Company may or may not expect dividend:

In an event where the Company has undertaken a significant project(s) requiring higher allocation of capital or merger or acquisition which demands higher capital allocation or in an event where the Company profits are inadequate or Company is making losses or any other challenging circumstances such as regulatory and financial environment, the Company may not declare dividend



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or declare dividend lower than its normal rate of dividend. In case of loss or inadequate profits, the Company may consider payment of interim dividend / final dividend from out of the retained earnings / accumulated reserves of the Company, in accordance with the applicable Rules.

Publication of Policy

This Policy, as approved by the Board, shall be on the website of the Company at www.goclcorp.com and a web-link will also be disclosed in the Annual Report.

Amendment

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

This policy may be reviewed periodically by the Board.

Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

(This policy has been approved by the Board of Directors of the Company at its Meeting held on 29th June 2021)
