

DIVIDEND DISTRIBUTION POLICY OF GREENPANEL INDUSTRIES LIMITED

The Board of Directors (the “Board”) of Greenpanel Industries Limited (the “Company”) has adopted the Dividend Distribution Policy (the “Policy”) of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) in its meeting held on 14th August, 2019. The Policy shall become effective from the date of its adoption by the Board i.e., 14th August, 2019.

PURPOSE, OBJECTIVES AND SCOPE

The Securities and Exchange Board of India (“SEBI”) vide its 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 capitalization calculated as on the 31st day of March of every year. Considering the provisions of the aforesaid Regulation 43A, the Board of Directors (the “Board”) of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors/parameters for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

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 consistent with the performance of the Company over the years.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;

- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

A. GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following-

1. Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management including the CFO, and other relevant factors.
2. The Board may also, where appropriate, aim at distributing dividends in kind, subject to applicable law, in form of fully or partly paid shares or other securities.

B. PARAMETERS TO BE CONSIDERED FOR DECISION OF DIVIDEND PAY-OUT

The Board shall consider, inter alia, the following, while taking decisions of a dividend payout during a particular year-

- Statutory requirements as may be applicable to the Company prior to declaration of dividends;
- Terms of restrictions and covenants contained in the Agreements with lending institutions/ Debenture Trustees
- Prudential requirements for prospective projects and strategic decisions
- Proposals for major capital expenditures
- Extent of realized profits out of its profits calculated as per IND AS
- Past performance/ reputation of the Company
- Other financial parameters like
 - Generation of adequate operating cash flow
 - Expenditure incurred in increasing net sales of the Company
 - Return on invested capital
 - Magnitude of earnings
 - Working capital management in the Company
 - Cost of borrowings etc.

C. EXTERNAL FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

Taxation and other regulatory concern

- 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.

Product/ market expansion plan

The Company's growth-oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to consider by the Board before taking dividend decision.

Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international 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 absorb unforeseen circumstances.

Shareholder expectation, including individual shareholders

The trend of the performance/ reputation of the Company that has been during the past years determine the expectation of the shareholders.

D. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors provided above under Para B and C, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company. 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.

E. MANNER OF DIVIDEND PAYOUT

The discussion below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of final dividends

1. 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.
2. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
3. 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

1. Interim dividend, if any, shall be declared by the Board.
2. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
3. 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.
4. 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.

F. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Other such criteria as the Board may deem fit from time to time.

G. PARAMETERS FOR VARIOUS CLASSES OF SHARES

1. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
2. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
3. 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.
4. Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

AMENDMENT

To the extent any change/amendment is required in terms of any applicable law, the Managing Director & CEO and the Chief Financial Officer of the Company shall be jointly/severally authorised to review and amend the Policy, to give effect to any such changes/ amendments. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification immediately after such changes. Any such changes apart from those required in terms of the statute, shall be made in consideration and approval of the Board.

On Behalf of the Board of Directors

Shiv Prakash Mittal
Executive Chairman

Place: Gurgaon

Date:14 August 2019