GARLON POLYFAB INDUSTRIES LIMITED
(CIN: L17111UP1990PLC012122)
Regd. Off. L.G.F. 15/79 (B), Civil Lines, Kanpur-208001
Ph: (0512) 2332008, Fax: 2534377;
E-Mail: gpil@hotmail.com
Website:- https://garlonpolyfabindustriesltd.com/

DIVIDEND DISTRIBUTION POLICY
Garlon Polyfab Industries Limited

1. PREAMBLE

This Dividend Distribution Policy ("Policy") has been formulated in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and other applicable provisions of law.

The objective of this Policy is to establish the principles and parameters to be considered by the Board of Directors ("Board") while recommending or declaring dividend and to ensure a transparent and consistent approach to dividend distribution.

2. OBJECTIVE

The Company recognizes the importance of rewarding shareholders through distribution of profits while ensuring adequate retention of earnings for growth, expansion, operational requirements and long-term sustainability.

The Policy aims to balance the dual objectives of:

- Providing reasonable returns to shareholders; and
- Retaining sufficient funds to meet future growth opportunities and business requirements.

3. DEFINITIONS

Unless the context otherwise requires:

- "Act" means the Companies Act, 2013 and the rules made thereunder.
- "Board" means the Board of Directors of the Company.
- "Dividend" means dividend as defined under the Companies Act, 2013.
- "Policy" means this Dividend Distribution Policy.

Words and expressions used but not defined herein shall have the meaning assigned to them under the applicable laws.

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

The Board shall endeavor to recommend dividend after taking into consideration the Company's financial performance and future business requirements. However, the declaration and payment of dividend shall depend upon various internal and external factors.

Shareholders may expect dividend when:

- The Company has adequate profits available for distribution;
- Cash flows are sufficient to support dividend payment;
- There are no significant business expansion requirements;
- The financial position of the Company remains strong and stable.

Shareholders may not expect dividend when:

- Profits are inadequate or insufficient;
- Funds are required for expansion, acquisitions, diversification or strategic investments;
- The Company is undergoing significant capital expenditure programs;
- There are adverse economic, regulatory or business conditions;
- The Board considers retention of earnings necessary for long-term growth.

5. FINANCIAL PARAMETERS AND INTERNAL FACTORS

While recommending dividend, the Board shall consider, inter alia, the following factors:

Financial Parameters

- Profit after tax and accumulated reserves;
- Earnings per share;
- Cash flow position;
- Return on capital employed;
- Debt servicing obligations;
- Working capital requirements;
- Capital expenditure requirements;
- Liquidity position of the Company.

Internal Factors

- Current and future business plans;
- Expansion and diversification opportunities;
- Merger, acquisition or restructuring proposals;
- Funding requirements for ongoing projects;
- Retention of earnings for future growth.

6. EXTERNAL FACTORS

The Board shall also consider the following external factors:

- Economic and market conditions;
- Industry outlook and business environment;
- Government policies and fiscal incentives;
- Statutory and regulatory requirements;
- Changes in taxation laws;
- Inflation and interest rate trends;
- Any other factor affecting the Company's operations and profitability.

7. UTILIZATION OF RETAINED EARNINGS

The retained earnings of the Company may be utilized for one or more of the following purposes:

- Funding organic and inorganic growth opportunities;
- Capital expenditure and modernization projects;
- Working capital requirements;
- Repayment or reduction of debt;
- Strategic investments and acquisitions;
- Strengthening the financial position of the Company;
- Any other purpose approved by the Board in the best interest of the Company.

8. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Company presently has only one class of equity shares. All equity shareholders shall be entitled to dividend in proportion to their shareholding in accordance with applicable laws.

In the event of issuance of any other class of shares in future, the rights and entitlements relating to dividend shall be governed by the terms of issue and applicable laws.

9. DECLARATION OF DIVIDEND

The Board may recommend final dividend for approval of shareholders at the Annual General Meeting.

The Board may also declare interim dividend(s) during a financial year in accordance with the provisions of the Companies Act, 2013 and other applicable laws.

10. DISCLOSURE

This Policy shall be disclosed on the website of the Company and a web-link thereto shall be provided in the Annual Report of the Company, if required under applicable laws.

11. REVIEW AND AMENDMENT

The Board reserves the right to amend, modify or revise this Policy in whole or in part at any time in accordance with applicable laws and regulatory requirements.

In the event of any inconsistency between this Policy and the applicable laws, the provisions of the applicable laws shall prevail.