



## Gujarat State Petronet Ltd.

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Website : [www.gspcgroup.com](http://www.gspcgroup.com)



Ref: GSPL/S&L/2023-24  
Date: 12<sup>th</sup> May, 2023

To  
The Manager (Listing)  
**BSE Limited, Mumbai**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001  
Company Code: 532702

To  
The Manager (Listing)  
**The National Stock Exchange of India Ltd.**  
“Exchange Plaza”, Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051  
Company Code: GSPL

Dear Sir/Madam,

**Sub: Disclosure of information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

As per regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Board of Directors of the Company in its Meeting held on 11<sup>th</sup> May, 2023, approved modification in the Dividend Distribution Policy of the Company. The same is enclosed herewith as **Annexure – I**. It will also be made available on the website of the Company viz. [www.gspcgroup.com](http://www.gspcgroup.com).

We request you to take the above on record.

Thanking you.

Yours faithfully,

**For Gujarat State Petronet Limited,**

Rajeshwari Sharma  
**Company Secretary**



# GSPL Dividend Distribution Policy

(Effective Date: 11<sup>th</sup> May, 2023)



## **I. Preface:**

The Board of Directors of Gujarat State Petronet Limited (“the Company”) has adopted the GSPL Dividend Distribution Policy (“the Policy”) on Dividend Distribution in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

## **II. Objective of the Policy:**

The Policy reflects the intent of the Company to reward its Shareholders by sharing portion of its profit after retaining sufficient funds for growth of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the Policy while declaring/ recommending Dividends on behalf of the Company. Through this Policy, the Company would endeavor to maintain a consistent approach to Dividend pay-out plans.

The declaration of Dividend on the basis of the parameters in addition to the one enumerated below or resulting to amendment of any parameter or the Policy will be regarded as deviation. Any such deviation 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.

## **III. Parameters for declaration of Dividend:**

- **The circumstances under which the Shareholders of the listed entities may or may not expect Dividend:**

The decision regarding Dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding Shareholders through Dividends and retaining profits in order to fund the growth plans of business.

Final Dividend is declared at the Annual General Meeting (AGM) of the Shareholders on the basis of recommendations of the Board.

The Company has been consistently paying out Dividends to its Shareholders and can be reasonably expected to continue declaring in future as well unless



the Company is restrained to declare Dividends under following circumstances:

- In cases where the Company undertakes or proposes to undertake a significant expansion of the business requiring higher allocation capital.
- If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare Dividend for that financial year.

➤ **The financial parameters that shall be considered while declaring Dividend:**

The Company stands committed to deliver sustainable value to all its Stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the Shareholders, in the form of Dividend.

Subject to the applicable provisions of the Companies Act and other statutory requirements, the Dividend will be declared or paid only out of:

- (i) **Current Financial Year's Profit:**
  - (a) After providing for depreciation in accordance with law
  - (b) After transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
- (ii) **The profits of any previous Financial Year(s):**
  - (a) After providing for depreciation in accordance with law
  - (b) Remaining undistributed or
- (iii) **Out of (i) & (ii) both.**

For the purpose of computing the Profits After Tax (PAT) for purposes of determining the Dividend, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non- cash charges pertaining to amortisation or ESoP or resulting from change in accounting policies or accounting standards.



➤ **Internal and External factors that shall be considered for declaration of Dividend:**

**External Factors:**

- Taxation and other regulatory concern: i) 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. ii) Any restrictions on payment of Dividends by virtue of any statutory provisions or regulations as may be applicable to the Company at the time of declaration of Dividend.
- Economic conditions, Industry Outlook and Regulatory commitment
- Cost of borrowing as well as the return on the investments by the company
- Any other factor as the Board deemed fit to take in to consideration.

**Internal Factors:**

- Future expansion plans: The Company's growth oriented decision to conserve cash in the Company for its expansion plans including plan for diversification of business, merger, acquisition etc.
- Capital expenditure requirements
- Likely fund requirements of Subsidiaries/ associate companies.
- Outstanding debts and its repayment terms: The Company should be able to repay its debt obligations without much difficulty over a period of time. The volume of such obligations and time period of repayment shall be considered while taking decision on declaration of Dividend.
- Contingent Liabilities
- Cash Flow position: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes such funding arrangements might have to be made to run the day-to-day operations. The Board will consider the cash flow position and such eventualities before its decision whether to declare Dividend or retain its profits.
- Profit after Tax
- Past Dividend trends/reputation of the Company: The trend of the performance/reputation of the Company that has been during the past years determines the expectations of the Shareholders.
- Any other factor as the Board deemed fit to take in to consideration.

➤ **Policy as to how the retained earnings shall be utilized:**



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:

- Strategic and long term business plans
- Diversification of business
- financial ratios required to be maintained for avilment of the fund/non fund based facilities by the company and its subsidiaries
- Any other criteria as the Board may consider appropriate

➤ **Parameters that shall be adopted with regard to various classes of shares:**

Presently, Authorized Capital of the Company comprises of only Equity Shares.

If required, the policy may be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

➤ **The Guidelines on Dividend Distribution and Capital Restructuring of State Public Sector Undertakings (SPSUs) issued by Government of Gujarat.**

#### **IV. Interim Dividend:**

The Board may, at its discretion declare an Interim Dividend and such declaration of the Interim Dividend, if any, shall be in compliance with the applicable provisions of the Companies Act, 2013 and other statutory requirements.

#### **V. Amendment to the Policy:**

This Policy is framed based on the provisions of the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Regulations which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.



The Policy shall be reviewed and amended by the Board from time to time as and when any changes are to be incorporated in the Policy as may be felt appropriate by the Board.

#### **VI. Dissemination of Policy:**

The Company shall make appropriate disclosures in compliance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This updated Policy approved by the Board of Directors on 11<sup>th</sup> May, 2023.