GANESHA ECOSPHERE LIMITED

DIVIDEND DISTRIBUTION POLICY

(Approved and adopted on 6th August, 2021)

(Modified on 25th May, 2023)

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1. PREAMBLE

The Securities and Exchange Board of India ("SEBI") vide its Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 5, 2021, has *inter-alia* brought amendment to the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherein the top 1000 listed entities, based on market capitalisation as on March 31 of every financial year, are required to formulate a Dividend Distribution Policy ("Policy") which shall be disclosed on the website of the listed entity and a web-link shall be provided in their annual reports. The Board of Directors of the Company ("Board") has approved and adopted the Policy which provides a broad framework for deciding the matters pertaining to distribution of dividend and/ or retaining the profits of the Company.

2. OBJECTIVE

The Objective of this Policy is to set out the broad parameters that will be taken into account by the Board of Directors while declaring / recommending dividend to the shareholders of the Company. The Policy has been framed broadly in line with the provisions of the Companies Act, 2013 and also taking into consideration, guidelines issued by SEBI to the extent applicable. The Policy reflects the Company's intent to reward its shareholders and endeavours for fairness, consistency and sustainability while distributing its profits after retaining sufficient funds required for growth of the Company.

3. FACTORS TO BE CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND

The Board of Directors of the Company shall consider the following financial and other parameters before making any recommendation/declaration for the dividend:

1. Net Profits earned by the Company during the relevant financial year;
2. Stability of earnings;
3. Expected cash requirements of the Company towards working capital, capital expenditure in technology, infrastructure, renovation and modernization etc.
4. Future expansion plans of the Company, including organic and inorganic growth opportunities;
5. Leverage profile of the Company;
6. Liquidity and Cash flow position of the Company;
7. Contingencies or unforeseen events;
8. Covenants of loan and other commercial agreements;
9. Applicable taxation policy with respect to distribution of dividend;
10. Past dividend trends;
11. Buyback of shares or any such alternate profit distribution measure;
12. Economic conditions and regulatory requirements;
13. Any other relevant factor or material events that the Board may deem fit.

4. UTILIZATION OF RETAINED EARNINGS

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The retained earnings will be used *inter-alia* for the Company's future business growth/ expansion & strategic plans, working capital requirements, investments, debt repayments, meeting contingencies or for any other permissible purpose, as approved by the Board of Directors of the Company.

5. DIVIDEND PAYOUT

The Board may declare or recommend interim/final dividend out of the profits of the Company for that year arrived at in conformity with the relevant provisions of the Companies Act, 2013, as amended, from time to time. Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions.

'Other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains/losses, will not be considered for the purpose of declaration of dividend.

The Board shall endeavor to achieve a dividend Payout ratio (including all applicable taxes on distribution of such dividend) in the range of 5% to 20% of the Profit after Tax, net of dividend Payout to preference shareholders, if any. However, the Board shall continue to have the discretion to recommend a lower dividend or no dividend in case the business requirement so warrants.

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board. The shareholders of the Company may not expect Dividend in the event of inadequacy of profits or whenever the Company has incurred losses.

7. REVIEW AND MODIFICATION OF THE POLICY

The Dividend Distribution Policy is subject to review and revision on periodical basis by the Board at its sole discretion and/or in pursuance of any amendments made in the Act, the Regulations, or any other applicable laws. In the event of a conflict between this Policy and the statutory provisions, the statutory provisions shall prevail. In case, the Company proposes to declare dividend based on the basis of parameters other than those mentioned in the Policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

8. DISCLAIMER

The policy does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

9. DISCLOSURE

The Policy will be available on the website of the Company.

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