

## **MOREPEN LABORATORIES LIMITED**

CIN: L24231HP1984PLC006028

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## **DIVIDEND DISTRIBUTION POLICY**

[Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## **INTRODUCTION**

This Policy shall be called “Dividend Distribution Policy” of Morepen Laboratories Limited (hereinafter referred to as “the Company”). This Policy has been adopted by the Board of Directors of the Company in compliance with the requirements of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) (“Listing Regulations”)

The Policy aims to regulate the process of dividend declaration and its pay-out by the company in accordance with the provision of the Companies Act, 2013 (“the Act”) read with applicable rules framed thereunder and the Listing Regulations.

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

## **DECLARATION OF DIVIDEND**

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

## **CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND**

The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company. However, the Board may consider not declaring any dividend or declare a lower rate of dividend based on the following:

1. Prospective growth opportunities/threats/concerns of the Company;
2. Inadequacy or absence of profits;
3. Need to retain the profits to cater to internal business use including settlement of outstanding liabilities and other working capital requirements for business operations of the Company.

## **PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING DIVIDEND**

### **1. Financial/Internal factors**

The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

- Profits earned during the financial year
- Expansion/ Modernization of existing Business
- Retained Earnings
- Cash flow requirements of the Company
- Earnings outlook for next three to five years
- Major capital expenditure to be incurred by the Company
- Debt obligations of the Company
- Provisioning for financial implications arising out of unforeseen events and/or contingencies
- Any other relevant factors and material events

## **2. External factors**

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

- Macro-economic environment
- Regulatory changes
- Political/geographical situations
- Industry Outlook for future years
- Statutory Restrictions

### **UTILISATION OF RETAINED EARNINGS**

The Company believes in cash retention for growth, expansion and diversification to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure for working capital
- Diversification
- Additional investment in existing business(es)
- General corporate purposes, including settlement of outstanding liabilities and unforeseen contingencies
- Any other permitted usage in a manner which shall be beneficial to the interests of the Company and also its Shareholders

### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has issued two kinds of share capital, i.e., Equity and Preference shares. The parameters for dividend payments in respect of preference shares is as per the terms of issue

and in accordance with the applicable regulations. However, the dividends on the Preference Shares are lying unpaid a period of more than two years, therefore the holders of these shares are entitled to vote on all resolutions placed before the Company.

### **CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the regulations, the regulations shall prevail.

### **REVIEW**

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and regulations or as deemed fit on a review.

*\*\*Effective from July 27, 2021\*\**