

## **POLICY ON DISTRIBUTION OF DIVIDEND**



**Sudeep Pharma Limited**  
129/1/A GIDC, Nandesari, Vadodara-391340, Gujarat, India.  
CIN- U24231GJ1989PLC013141

**Policy on Distribution of Dividend**



Details of Adoption/Amendments to the Policy				
Policy Adoption/Change effective date	Clause No.	Particulars of the Adoption/Change	Board Approval date	Version of the Policy
Policy adoption	-	New Policy	27.03.2025	Original

Original

## **PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND**

### **Factors for recommendation/ declaration of Dividend**

#### **a. Internal factors (Financial Parameters)**

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared previous year's profit and internal budget.
- ii. Cash flow position of the Company.
- iii. Current year's net operating profit
- iv. Capital expenditure and working capital requirements
- v. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- vi. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- vii. Long term investments
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Past dividend trend

#### **b. External Factors**

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices
- iv. Financial situation

### **Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above.

However, the shareholders of the Company may not expect dividend in the certain circumstances which include but are not limited to:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital to any project.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.



v. In the event of Company looking inorganic growth options.

**Other factors**

Manner of utilization of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of Free Reserves available for distribution of dividend, after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

Dividend pay-out ratio.

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy.

**Other factors to be considered with regard to various classes of shares.**

Presently, the issued share capital of the Company comprises of two classes of shares i.e. Rs. 1/- each for equity shares of the Company which rank pari passu with respect to all their rights and Rs. 2/- each for preference shares of the Company which rank pari passu with respect to all their rights. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted w.r.t. such class(es) of shares.

**GENERAL**

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting.
- ii. The Board may, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- iii. It is provided that the Interim Dividend(s) and Final Dividend shall be within the Dividend Pay-out ratio as stated in Para IV(4) above.
- iv. The Board may, declare/ recommend Special Dividend to commemorate any special occasion, which may be over and above dividend payout ratio as stated in Para IV(4) above. The Special Dividend shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- v. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.



- vi. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

## **DISCLOSURES**

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the Annual Report and on the website <http://www.sudeep.com> of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

## **REVIEW**

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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