



NEOGEN
CHEMICALS LTD.

DIVIDEND DISTRIBUTION POLICY

Approved by: Board of Directors on October 10, 2020.

NEOGEN CHEMICALS LIMITED

DIVIDEND DISTRIBUTION POLICY

I. INTRODUCTION

Neogen Chemicals Limited (“Company” or “Neogen”) is a public listed company with only one class of shares namely Equity Shares which are listed on BSE Limited and National Stock Exchange of India Limited and engaged in the business of manufacturing of Specialty Chemicals. Pursuant to the provisions the Companies Act, 2013 (“the Act”) read with the rules made thereunder and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) the company has framed the Dividend Distribution Policy (“the Policy”) of the Company to clearly outline the manner in which the nets profits/ retained earnings of the Company is to be utilized for future sustainable growth of the Company and the circumstances in which the company may recommend annual final dividend and/ or interim dividend to its shareholders and various parameters on the basis of which the company may recommend the final/ interim dividend.

Dividends means a part of the Company’s net profits distributed amongst the shareholders in proportion to the amount of paid- up shares held by them and its shall include Interim Dividend.

We remain motivated to accomplish our growth objectives while maintaining long-term sustainability and gaining assurance of delivering added value to the stakeholders.

II. SCOPE

The Company currently has only one class of shares namely Equity Shares for whom this policy is framed and is applicable. The Management shall review and alter the policy if and when the company issues different classes of shares or if there are other changes in the Company affecting the policy.

III. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY or MAY NOT EXPECT DIVIDEND

The Board of Directors of the company (“Board”), shall while recommending the dividend ensure compliance with the provisions of the Companies Act, 2013 read with rules made thereunder and Listing Regulations. The Management shall take into consideration the suggestions received from Board members and future growth prospects of the company, while recommending Dividend. Further no dividend shall be declared or paid by a company from its reserves other than free reserves.

The Board of Directors of the Company may not declare or recommend dividend for a particular financial year if it is of the view that it would be prudent to plough back/ retain its profit for the then ongoing or planned business activities or other factors as may be deemed necessary by the Board for the benefit of the Company and its stakeholders from a long term perspective.

It shall be at the discretion of the Board to declare and recommend the interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year based on its quarterly or half yearly Financial Results for which such interim dividend is sought to be declared.

The Board may at its discretion declare and recommend the final dividend for any financial year out of the surplus in the profit and loss account or out of profits of the financial year based on its Annual Financial Results, subject to approval of the member at its Annual General Meeting.

“Profit” shall mean the Profit for the Financial Year arrived at after providing for Depreciation in accordance with Schedule II to the Act. Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

The members may expect a dividend payout ranging from 10% - 25% of the distributable profits, in case the Company has adequate profits for distribution of dividend and it may also expect an interim dividend in case if a company has performed exceptionally well during a particular year or it has been benefitted immensely due to the then ongoing/ existing market conditions or corporate actions or arrangements of the company.

The members may not expect any dividend during the financials year in which the company has no profits or inadequate profits or if the Board has decided to plough back/ retain its profits for the future growth and expansion.

However, all efforts will be taken by the Company to maintain a Dividend Pay-out as per the historic trends of the Company.

IV. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING DIVIDEND

The Board shall consider following financial/ internal/ external factors while recommending dividend to the shareholders of the Company:

- Financial Results of the Company;
- Surplus in the Profit and loss account of the Company pursuant to the requirements of the Act.
- Profits earned during the financial year;
- Company’s Projected Earnings for next three to five years;
- Companies future Growth and Expansion Strategies;
- Projected Capex requirement of the Company keeping in view the expansion and acquisition, if any;
- Alternative sources of financing;
- Company Liquidity position/ Future Cash flow requirements;
- Payout ratio of Peer companies;
- The then prevailing Taxation laws and policies and amendments thereof in the law pertaining to Dividend distribution or introduction of any new regulatory requirement ;
- The then prevailing Capital Market, Money Market and Global Economic conditions;
- Stipulations / Covenants in the agreements with the Bankers and lenders of the Company;
- Technology changes which may require significant CAPEX;
- Change in demand & supply positions or prices of the principal products of the Company;

- Any other parameters or factor which the Board may think is material while recommending dividend.

V. UTILISATION OF FUNDS:

The Board may at its discretion choose to retain the profits of the Company after considering various parameters as mentioned hereinabove and it shall endeavor to utilize the retained earnings for funding of future growth and expansion plans, payment of dividend in future years, to meet CAPEX requirements or for repayment of Debt or for any other purpose as may be approved by the Board and which the board thinks is in the beneficial interest of the Company and its shareholders.

VI. POLICY REVIEW:

- a) This Policy is framed based on the provisions of the Act and rules made thereunder and the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
- b) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy;
- c) This policy shall be reviewed by the Board as and when any changes are to be incorporated in the policy due to change in regulations or as otherwise deemed appropriate by the Board; and
- d) Any subsequent amendment/modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy.